

INTERNATIONAL INSTITUTE OF AGRICULTURE
BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

MONTHLY BULLETIN
OF ECONOMIC AND SOCIAL
INTELLIGENCE • • • • •

36th VOLUME • • • • •

IVth. YEAR - NUMBER 12

• • • DECEMBER 1913



• • • ROME: PRINTING OFFICE OF THE INSTITUTE, 1913 • • • • •

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Part I: Co-operation and Association

GERMANY.

CAUSES AND EFFECTS OF THE RECENT WANT OF SUCCESS IN THE DEPARTMENT OF CO-OPERATIVE AGRICULTURAL CREDIT IN GERMANY AND THE LESSONS TO BE LEARNED FROM IT.

by DR. GRABER of Berlin.

The recent failures, involving in ruin a series of loan and savings banks in the Grand Duchy of Hesse and the loss of millions by two central co-operative banks, the *Landwirtschaftliche Genossenschaftsbank* (Agricultural Co-operative Bank) of Darmstadt and the *Reichsgenossenschaftsbank* (National Co-operative Bank) of Frankfurt on Main, have attracted the attention, as may be easily understood, not merely of those engaged in co-operation, but also of the general German public. With the 27,373 agricultural co-operative societies now existing in Germany, amongst which there are 17,274 rural loan and savings banks, there are so many and such important interests associated, that it is easy to understand the interest taken by the public in these unfortunate events. Even in foreign countries, where the splendid development of German agricultural co-operation was followed, fully approved and often taken as an example, these recent events have produced a profound impression in co-operative circles.

Since the National Federation of German Agricultural Co-operative societies, to which the organizations that have failed belonged, published these facts at the Wiesbaden Congress held this year (1), it is time to speak of them in this Bulletin of the International Institute of Agriculture. Considering the character of this periodical and its wide circle of readers, it will be well to set forth clearly here the causes and effects of these failures, and especially the lessons they teach.

(1) Report of the new manager of the National Federation, *Herr Gernus*, on the causes of the want of success of certain co-operative societies.

§ 1. THE FAILURE OF THE LOCAL LOAN AND SAVINGS BANKS
OF THE GRAND DUCHY OF HESSE.

In a pleasant valley of the Odenwald, a few hours distance from Darmstadt, which was up to recently the head quarters of the National Federation of German Agricultural Co-operative Societies, we find the apparently thriving little village of Nieder Modau, with 622 inhabitants. In 1878 the peasants and tradesmen founded there a loan and savings bank, under the form of an unlimited liability co-operative society. From the start, they went wrong in regard to the management of the business, for they did not observe the first fundamental rule, to which rural loan and savings banks must conform, of contenting themselves with a restricted field of activity. By the promise of high interest, they succeeded in attracting deposits from every part of the province of Starkenburg and from others more remote. During this period of great prosperity, to which the characteristic name of *Blütezeit* has been given, about 3,000,000 marks were deposited with the co-operative bank of this little village. It would be superfluous to say that such a rain of gold was far in excess of the members' ordinary credit requirements. It only led the bank to do business with outside granting its debtors too large credits, but more than all risking its money in financial schemes even outside the limits of the village. The society entered into relations with thoroughgoing speculators, in connection with building lots in the city of Darmstadt. The savings of the rural population were unwisely invested in urban real estate and building of doubtful value, in second and third mortgages or even less safe investments, and were also utilised in granting loans for purchase of real estate. Nieder-Modau became the easy prey of speculators in building in the large towns, whose acts and adventures are sufficiently well-known. In their stead they gave the bank in question the unflattering title of *Schuttbladesch* (Rubbish heap). The cashier, who had not only the charge of the loan fund but also of the communal and church funds, besides this, managed a large farm and a hotel. It does not seem he was suited for the business. The same may be said of many of the members of the board of management and council of supervision. In addition, they had the greatest confidence in the cashier, who passed for being well off and even rich; so they signed accommodation bills at the cheerful after dinner stage of banquets, and stood security for others with the most inconceivable recklessness. As all this was not enough, the cashier ended by forging and he was sentenced to several years' imprisonment.

Such maladministration, continued over the space of years, could not but lead to disaster. The Federation of the Co-operative Societies and the Central Bank had long been aware of it. It was attempted to avert misfortune by a reorganization of the board of management, and by obliging the members of the board and of the council of supervision to give security, by electing new members, but every effort was in vain. The catastrophe was

fastened and on December 19th., 1911, the Nieder Modau loan and savings bank had to be declared insolvent. The balance sheet showed assets, including the investments of doubtful value above referred to, amounting to 1,000,000 marks and debits of 2,500,000 marks. The members of the society, 96 in number, had therefore to meet a deficit of 1,600,000 marks.

According to information supplied by the commissioner in bankruptcy, some of the members had absolutely no assets or almost none, while others had only a few thousand marks. Only one member had, it appeared, about 100,000 marks. As, according to the provisions of the law in force, the deficit had to be made up by the members, in equal proportions, the bankruptcy commissioner, to meet the deficit which there was certain to be, owing to some of the members being without funds or not being well off, considered this amount of 200,000 marks as a loan granted to meet the case of bankruptcy and distributed it among all the members. A strict application of the procedure for bankruptcy would have resulted in the ruin of the members and their absolute destitution. In addition, it would have seriously damaged the interests of the depositors. It would, therefore, have been a terrible blow to many of them who might thus have lost their savings accumulated by means of hard work. The strict application of the procedure would also have been the cause of financial embarrassment and even of bankruptcy for the debtors of the society who were not members.

Attempt was made to succour all these persons, threatened with loss already suffering losses, and save them from greater misfortune. After much consideration, a society (*Schutzverein*) for the defence of the interests of Nieder-Modau was formed under the management of the Darmstadt People's Bank (*Darmstadter Volksbank*), a co-operative society of the Schulze-Delitzsch type. The object of this society is to substitute itself for the creditors and especially for the depositors and take over their claims. In order to proceed with the greatest prudence in the matter, it purchases the credits held by these latter, for which it pays 50 % in cash. It gives them, besides a bond issued by itself, entitling them, at the end of the liquidation, to so much per cent of the balance, if there are sufficient credits to cover it. The creditors who are depositors have a considerable advantage, as they may recover all or part of their money more rapidly than by following the ordinary procedure in cases of bankruptcy. The facilities granted to the members and to the debtors are even more considerable as the society is the sole or principal creditor, the commissioner may, by previous understanding come to with it, show some consideration to the members and debtors, whilst otherwise he should seize all the assets, without exception, of all the members and proceed against the debtors without the least consideration. Thus, at least the worst, the forced sale of houses and land, at very probably absurdly low prices, may be avoided. The *Schutzverein* obtained the money needed for the purchase of the depositors' rights out of the total assets administered by the commissioner and was aided, to a small degree, by a loan contracted for the purpose, with the Darmstadt People's Bank. It must be recognised that, thanks

to its intervention, the disastrous effects of the catastrophe have been reduced. The matter standing so, no exact idea can be formed as to how far it has succeeded.

The case of Nieder-Modau is enough in itself to cause anxiety; what makes it more serious is that unfortunately it is not isolated. If the ruin of the Nieder-Modau bank was due to unadvisable extension of its sphere of action, the excessive amount of deposits attracted to it, risky undertakings, careless management and insufficient supervision, unfortunately other banks have followed on the same lines. Statisticians may show that the same conditions are found in a total number of more than 17,000 rural loan and savings banks. But this is a rather poor consolation, and we must in any case say here that all co-operative organizations must take energetic action to prevent the repetition of such errors in the future. Unfortunately, there is still a certain number of banks in the Grand Duchy of Hesse which may be expected to suffer extraordinarily heavy losses, or have already suffered such losses, due to causes similar to those that have ruined the Nieder-Modau bank. Thus we may now speak of a crisis in the agricultural co-operative societies of the Grand Duchy of Hesse. What has contributed to render it appreciably more acute is the failure of central financial institutes like the Darmstadt Agricultural Co-operative Society, the Darmstadt Administration and Sale Society, the National Co-operative Bank and the Agricultural Credit Bank of Frankfurt on Main. We shall now deal with the vicissitudes of these establishments in the following section.

§ 2. FAILURE OF CENTRAL CO-OPERATIVE CREDIT INSTITUTES.

At the end of March, 1913, the co-operative societies of the Grand Duchy of Hesse received the startling news that their Central Co-operative Bank, the Co-operative Agricultural Bank of Darmstadt (*Landwirtschaftliche Genossenschaftsbank*), formed in 1882 as a society limited by shares found itself under the sad necessity of choosing between two courses, either suspending payment or asking for a delay in which to arrange for the gradual winding up of its business.

There were two principal causes that had led to this: first of all, the locking up of 8,500,000 marks in the National Co-operative Bank (*Reichsgenossenschaftsbank*) and then the grant of 5,000,000 marks as a credit to the Administration and Sale Co-operative Society (*Verwaltungs- und Verwertungsgesellschaft*).

The *Genossenschaftsbank* had shares to the amount of 500,000 mks. in the *Reichsgenossenschaftsbank* of Frankfurt on Main, which was founded with the idea of its becoming a central co-operative bank for the National Federation, and had gradually granted the latter credit to the amount of 8,029,923 marks. In view of the situation of the *Reichsgenossenschaftsbank*, of which we shall speak hereafter, it seemed there would be great

difficulty in realising on the shares and securing repayment of these credits. The management of the *Genossenschaftsbank* considered the amount invested in *Reichsgenossenschaftsbank* shares as absolutely lost, and took steps for its reduction from 500,000 marks to 1 mark in the books. With regard to the eight millions entered to its credit, the management hardly knew in March at what figure to estimate it. Everything depended upon now and when the *Reichsgenossenschaftsbank* would be able to sell certain assets it found it difficult to dispose of. In any case, a considerable loss might be foreseen.

The position was similar with regard to the credit for 5 million marks to the *Verwaltungs- und Verwertungsgesellschaft* at Darmstadt. This was a limited liability society, founded a few years since by the loan and savings banks of the Grand Duchy of Hesse, for the purchase, administration and sale of real estate and mortgages. The object, in itself beneficial, of this society was to purchase, administer and sell the real estate of the banks of the Grand Duchy of Hesse, which, like those of Nieder Modau and other places, had come, through a mistaken system, to be possessed of urban real estate, mortgages and credits granted for purchases to be carried out. The *Verwaltungs- und Verwertungsgesellschaft* proposed to relieve the managers of co-operative societies, little versed in these matters, of this administration and sale business, in order to obtain better conditions of sale by means of a uniform and competent management. It purchased from the co-operative societies their real estate or their rights over real estate and, at the same time, it attempted to obtain for them certain guarantees against the losses they might have to suffer.

The capital necessary for the purpose was supplied by the *Genossenschaftsbank* of Darmstadt. In the course of years, the loan reached the considerable amount of 5,000,000 marks. The unfavourable conditions of the market for houses and buildings rendering impossible any profitable sale of the real estate of the *Verwaltungs- und Verwertungsgesellschaft*, the *Genossenschaftsbank* found it had another 5,000,000 mks. of immobilised capital under this head.

As a result of the failure of the Nieder Modau bank and other co-operative societies of the Grand Duchy of Hesse, the delay accorded to the National Co-operative Bank, and the news circulated with regard to the state of the accounts of the Darmstadt Co-operative Bank, there was a panic among the co-operative societies and the depositors of the Grand Duchy of Hesse. The co-operative societies withdrew considerable amounts of their deposits. The *Genossenschaftsbank* thus found itself in a difficult position it was able to meet to a certain extent by means of the credit generously accorded to it by the Prussian Central Co-operative Bank (*Preussische Centralgenossenschaftskasse*). But at the end of March, 1913, so many claims against it had matured that it also was obliged to ask for a delay. It thus went into liquidation. The fact that the co-operative societies holding shares in it consented, with a few isolated exceptions, to concede a delay up to the end of 1914, in order that it might be privately liquidated, shows their good sense.

It was absolutely necessary to have a Central Co-operative Bank. To meet this need, a new establishment was at once started, the Central Bank of the Agricultural Co-operative Societies of the Grand Duchy of Hesse (*Centralkasse der hessischen landwirtschaftlichen Genossenschaften*), under the form of a limited liability co-operative society. And, under the circumstances, we may consider it as a success that 245 societies, 204 of which are loan and savings banks, adhered to the new central bank at its first plenary meeting held on June 30th., 1913. However, the financial basis of the establishment is not as yet very firm. The members' shares are 500 marks each and the amount guaranteed per share is 1,000 marks. Up to the end of June, 1913, 481 shares had been sold, so that the capital appeared as 218,850 mks. If we add to this the deposits of the co-operative societies, or a total of 528,356 marks, we get a total of 747,206 marks as the available working capital. The Central Bank and its affiliated co-operative societies have therefore had to have recourse to a large extent to the Prussian Central Co-operative Bank for credit, which has been granted to them to the amount of 4,200,000 marks. However, in that bank the rate of discount is nearly the same of that of the *Reichsbank*. Now, for a long time that has been 6 %, recently lowered to 5 $\frac{1}{2}$ %. The payment of this rate of interest leaves too small a margin to allow of the Central Bank paying its expenses. So an attempt has been made to obtain a credit of a million marks from the Government of the Grand Duchy of Hesse at the lowest rate possible. With this credit from the State and the guarantee of Government supervision, its necessary consequence, the new Central Bank hopes to inspire greater confidence in the public. No definite step has, however, yet been taken in this connection.

This is, then, the history of the crisis in the central financial institute of the agricultural co-operative societies of the Grand Duchy of Hesse. For the moment, we can form no certain estimate of the *amount of probable loss* and the effect on the societies concerned. Only its credits at the National Co-operative Bank and with the Administration and Sale Society can be estimated with precision. At the Bank, it is thought that the share capital amounting to 2 $\frac{1}{2}$ million marks and the reserve fund, shown as 500,000 mks., are certainly lost. What the depositors, almost exclusively co-operative societies, must lose cannot as yet be accurately ascertained. The total amount of their credits is about 15,800,000 mks. For the moment it is thought the loss may amount to 50% of the deposits. Therefore, the Administration of the Bank has recently proposed to the societies that they should provisionally renounce 50% of their credits, so that the debt of the Bank may not be too large. If the above estimate is correct, the co-operative societies of the Grand Duchy of Hesse have lost about 11,000,000 marks through their central bank. This is an amount the loss of which will be an extremely severe blow to the co-operative societies of the region and connected interests.

If we consider the matter from a purely statistical point of view, we might think there was a remedy, for the societies affiliated to this bank have more than 10,000,000 marks of their own. But we must remember that

the losses of the Co-operative Bank are distributed very unequally among the various societies. The societies indebted to the Bank only lose the amount of their shares. Whilst those that, trusting it to the last, placed their surplus funds with it, run the risk of extremely heavy losses. In their case, it will be a matter of between 200,000 and 300,000 marks and even more. If half these credits are to be considered as probably lost, the assets of the bank still would not be even approximately enough for payment of the rest. The members of these societies will therefore very probably have to make serious sacrifices to meet the demand for new and considerable contributions towards the share capital. To avoid such serious consequences the management of the new central bank is thinking of urging the State to intervene and gradually make up the loss by contributions continued over a long series of years. This is, however, only an idea and therefore we need not delay over it.

Another thing seriously to be deplored from the point of view of the co-operative societies is that confidence is shaken and this is no less serious a matter than the material losses already sustained, not to mention those still to be feared. But, on the other hand, it is, humanly speaking, very easy to understand that these catastrophes have caused a panic among the depositors and members. In April, there were veritable runs on a number of banks, which was certainly needless and rather a cause of loss. The bank managers were able, however to prevent the banks being ruined by the withdrawal of deposits. However, the next balance sheets of these societies will probably show, in a certain number of cases, a considerable decrease in the savings deposits and, at least at first, a decrease in the amount of new deposits. Similarly, we may understand that, above all, the better off members declare their desire to withdraw from banks founded almost exclusively on the system of unlimited liability. There are other consequences, such as the changes caused by passing from the system of unlimited to that of limited liability, which will appreciably reduce the basis of credit; as a result, the weakest societies will be dissolved and a group will leave the *Reichsverband*. It is certain that hasty decisions of this kind are very often ruinous, but, at a time of great nervous excitement, people reason little and do not reflect quietly on what they are doing. So, some more time will have to pass before the storm subsides. There is another thing which may also have its influence on the further course of events, the result of the enquiry now being carried out by the Commission of Studies, instituted at the General Meeting of the *Genossenschaftsbank*, into the position of the Bank, the immediate causes of the catastrophe and the eventual liability of the members of the Board of Management or the Council of Supervision. On none of these points have we as yet definite information.

It will be well to stop here to give the sad story of the National Co-operative Bank and the Agricultural Co-operative Bank.

The *Reichsgenossenschaftsbank* with head quarters, first at Darmstadt and afterwards at Frankfurt on Main, founded in 1912 as a co-operative society and transformed in 1907 into a society limited by shares, was first

intended to be a central institute for the money and goods business of the territorial central banks and the central co-operative societies for purchase and sale belonging to the National Federation. Through unwise speculation and the too limited purchases made by the members from their societies, the special goods department at Hamburg had to be suppressed in 1908 and there only remained the banking department at Frankfurt on Main. In this branch of its work there was only too little to do, as there also existed a Central Co-operative Bank of Prussia (*Preussische Central-genossenschaftsbank*). In 1904, in fact, it had to give up its connection with the Prussian central banks. Its field of action was thus restricted to the other central banks of Germany and a certain number of Prussian Central Co-operative Purchase and Sale Societies. We shall not here enquire whether such a limited business could permit of the long existence of the *Reichs-genossenschaftsbank*.

What hastened its end were the relations it entered into in 1908 with the Agricultural Credit Bank (*Landwirtschaftliche Kredit-Bank*) of Frankfurt on Main. This establishment, founded in 1872 as a mixed mortgage bank was at the time (1908) on the point of failing through the bad management of its board. But as it had the profitable right, it had for some years ceased to exercise, of issuing land bonds, the *Reichs-genossenschaftsbank* allowed itself to enter into permanent business relations with it. The board thought that by means of an alliance with a mortgage bank it might give a wise direction to the real credit business of the loan and savings banks of the Grand Duchy, as well as that of some other banks, and, in principle, the idea was sound. Unfortunately, those at the head of the *Reichs-genossenschaftsbank*, when they made their agreement with the Agricultural Credit Bank, which led to the purchase of the larger number of shares in that establishment, were largely deceived in regard to its conditions. Only afterwards they discovered it had engaged in extremely hazardous undertakings, from most of which little gain could be expected. We shall not here enter into the details, some of which were very complicated. Let it suffice to indicate that, for example, about 5,500,000 marks were invested in a mine that could not be worked at once, other important sums in societies for speculation in land, brick kilns, mortgages giving little security etc. To prevent the failure of the above credit establishment, the *Reichs-genossenschaftsbank* found itself obliged to give it and the societies dependent on it large credits up to the amount of 13,000,000 or 14,000,000 marks. These investments were in the end too large for the bank, and in the difficult circumstances of the money market at the time, its money lenders, the central banks of other regions than Prussia, began to find themselves hampered in the development of their business. Thus, in September, 1912, the *Reichs-genossenschaftsbank* had to go into liquidation privately and ask its principal creditors for a delay of five years.

As in the case of the Darmstadt Co-operative Bank, so also here it is scarcely possible to give a definite opinion as to the ultimate results of this liquidation and its effects upon the central co-operative societies affected. We have only to remark that the circles concerned have made every effort

leave out of this sad shipwreck at least the precious privilege of the use of mortgage bonds (*Pfandbriefe*) enjoyed by the Agricultural Credit bank. With this intention they decided to change the form of the establishment, transforming it from a mixed mortgage bank into a pure mortgage bank, under the name of Agricultural Mortgage Bank. The engagements of the Credit Bank, in so far as they were not in conformity with the provisions of the German Law on mortgage banks of this new form, had to be transferred legally to the *Reichsgenossenschaftsbank*, which already held them in fact. The transfer is now almost complete. It is now only to be hoped that the right of issuing mortgage bonds, abandoned for so many years, will again be granted to this credit bank as converted and that thus a new road may be opened for the natural development of the work of this credit establishment now reformed and again in working condition.

§ 3. LESSONS TO BE LEARNED FROM THE FAILURES OF THE CO-OPERATIVE CREDIT BANKS.

A consideration of the facts briefly related in the preceding sections leads us to a number of conclusions and furnishes many lessons of the most importance. In the case of Nieder-Modau and other banks, the regard of wise economic and co-operative rules has led to ruin. In their commercial business they did not keep within strictly local limits. Deposits were attracted from too remote regions and too large credits were granted to private individuals, above all, to members of the board of management. Unprofitable real credit business was carried on at a distance from the place where the bank was situated. There was confusion and disorder in the conduct of business, a want of supervision and an insufficiency of share capital. These and other errors led to failure. The co-operative societies and their federations must seriously try to avoid them in future. And, for the purpose, suitable provisions must be made in the rules and internal regulations and they must be conscientiously observed.

In the first place the *field of action* of the rural loan and savings banks must always be *clearly defined*. This is absolutely necessary on legal and social grounds. The district chosen must not be too large, a village or a few communes near one another. The field must be limited, not only as regards the extent of credits, but also as regards the credits received. It is a mistake to attract deposits from every quarter by means of high interest and active advertisement and so to accumulate a working capital far in excess of the ordinary credit requirements of the district. This too easily leads to the investment of surplus amounts in hazardous credit business, even outside the district. There is no need to waste words in showing that operations of this character, especially the investment of the farmers' savings in speculation in houses, real estate, mortgages, concessions of loans for the purchase of real estate, industrial business etc. in large urban centres, are in absolute opposition to several co-operative principles.

Perhaps these sad events are, in spite of everything, a blessing in disguise: they will serve forcibly to recal the agricultural loan and savings banks to a recollection of their specific duty, to remind them that they must serve to *satisfy the needs of the country districts for short term credits*. And there is besides much still to be done in this field to which the loan and savings banks owe their origin. On many farms, cultivation is still comparatively undeveloped. With the help of manure, cattle foods, selected seeds, suitable machinery, improved breeding stock and farm improvement, a considerable increase both in the gross and net yield may be obtained. At the same time as the other agricultural institutes, the banks should encourage this technical progress, and, while always free to make provision for the security of the loan, place at the disposal of those in need, the necessary means for the realisation of these improvements. Thus, even in a fair number of cases, a large number of new members may be won for the co-operative credit societies. Many farmers now have recourse to credit from merchants, which costs them more and is less adapted to their purpose. It must not be imagined, indeed, that these are poor people to whom credit could not be granted without some anxiety. The private lender who risks his money is generally at least as prudent as a co-operative financial institute, and often even just the best off farmers, for reasons well known, though economically without justification, prefer to deal with private individuals. The attraction of such persons to the banks is another object the societies should endeavour to attain by means of their patient daily work.

There are other social classes among which the need for small credit may increase and which consequently may furnish an increased number of members, namely tradesmen, labourers etc. On the contrary, much *prudence must be used in dealing with large manufacturers and dealers*. It is often said that the loan and savings bank must become the village bank ready to provide for all banking business for all the inhabitants of the locality. In this there is a dangerous exaggeration. Their economic constitution and the condition of the members show that the rural savings banks are intended quite simply for small credit business. Megalomania incites boards of management, composed of vain or avaricious members to convert co-operative banks into banks on a large scale. Generally, loan and savings banks are not intended for such work; the large banks must be left to provide for the credit needs and financial business of the large industrial or commercial businesses of the country. It is only very rarely that the managers of a rural bank are in a position to judge accurately of the financial position, the value or the yield of this class of undertakings. It must also be observed that generally it is just those businesses the finances of which are exhausted and to which the large banks refuse credit that have recourse to the loan and savings banks. Thus, many of these banks have had bitter experience of relations with them. The greatest prudence is to be recommended in such business and it must be remembered that the granting of excessively large credits of hundreds of thousands of marks to private individuals is contrary to the nature of the loan and savings banks.

In many of the oldest banks, above all in South and West Germany, the deposits, however, have reached such a figure, that it seems inconceivable that so much money could be invested in small personal credit business. In this case, they should be above all recommended to *deposit their surplus cash with the Central Banks*. But higher interest is desired; and the tendency is, and it is justifiable, to satisfy all the needs of local credit. This leads to the grant of real credit, the investment of money in mortgages and in loans for the purchase of real estate. That this has been so appears from the fact that according to the rather incomplete statistics in the Yearbook of the National Federation, at the end of 1911, 187 million marks had been invested in loans on mortgage and 74 million marks in purchase of real estate. The Banks of the Federation of the Grand Duchy of Hesse themselves had at that date invested 63,630,000 marks, out of their working capital of 147,000,000 marks, in credit on mortgage and credit for the purchase of real estate.

We must not here go further into the question now so much discussed as to whether this *real credit business* is allowable or advisable.

Certainly, the arguments against it have weight; it is said, in fact, that it is not a good thing to use short term deposits for long term loans, and that besides there are special credit institutions like the *Landschaften* and *Landeshypothekenbanken* to arrange for real credit business.

But there are also arguments in favour of it which deserve consideration. Not without reason is it affirmed that even short term deposits remain for years in the Bank and are continually increasing all the time. For this reason, the public savings banks have also been able to invest in loans on mortgage, about 60% of their deposits, amounting in all to 17,000,000,000 marks. Again, often, credits on mortgage or other real security are not long credits, but, and this is specially true in the case of credits for purchase of land, are repaid within a short period, of about from 6 to 8 years, and we must not overlook the fact that *small credit* on security of real estate is not granted by other financial establishments or, if granted, it is on less favourable terms than those allowed by the rural loan and savings banks. The local co-operative bank is in a position to form a much more accurate idea of the financial situation of its debtors and of their personal character, so that, while running no risks, it is in a position to grant larger loans than a financial establishment at a distance.

On these various grounds, it seems that the investment of surplus funds in real credit business is allowable under certain conditions: it is economically and socially a benefit to debtors, above all to small rural landowners or householders. First of all, however, the banks must always have available large amounts of capital that cannot be used for personal credit. It cannot be considered right for a bank, which has to have recourse to the central banks for credit, to engage in real credit business. If all the affiliated banks acted so, the central banks could no longer exist, for they are founded precisely to serve as clearing houses for banks, some of which have surplus funds, while others are in need of credit.

Thus there can be no question of long term credits being granted except by banks which have always available a number of large deposits and

at the same time have no need of credit from the Central Bank. But, even in this case, there is still need for prudence. In the first place, it must be seen that the investments offer the best possible security and, consequently, too considerable loans, especially to large undertakings, must be avoided: because the grant of a large number of small credits corresponds better with the economic nature and social aim of the banks, which must serve for the elevation of the poorer classes. It must therefore be arranged that the amounts lent be repaid within a rather short period, either five or ten years, which as a rule is economically possible for the small farmers and the workmen engaged in agriculture or industry.

And above all it is not advisable to invest too large a part of the working capital in long term loans. There are banks that have invested 80 %, 90 % and sometimes even more of their available capital, most of it formed by deposits, in mortgage loans and advances for purchase of land. These banks have seen the amount of their available funds decrease to a considerable extent and have been less and less in a position to pay on demand. It is true that, in the ordinary course of things, the payments into current account or the savings deposits annually exceed those collected or the repayments. But it is always possible that just the contrary may happen. It is enough to remember the large amounts withdrawn one after another last winter, as a result of the rumours of war, fortunately unfounded. In the same way, unfavourable occurrences in the economic sphere, bad seasons, industrial crises, a loss of confidence in the banks, whether justified or not, may give occasion to veritable runs. It is especially of this latter cause that we have had numerous examples in the recent events occurring in the Grand Duchy of Hesse. It is true, it seems, that the bank managers have succeeded in tranquillising the minds of the depositors and thus preventing their crowding to withdraw their capital, but, for the moment, a definite opinion cannot be expressed. To be always well prepared for this class of events, the banks must have fluid capital under the form of deposits and a credit opened to them in the Central Banks.

The General Committee of the Prussian Central Co-operative Bank (*Gesamtausschuss der Preussischen Centralgenossenschaftskasse*) has issued regulations for the purpose, in which definite figures are given, that, in our opinion, however, can only represent a minimum. The Committee thinks that the Banks ought to have easily realisable at least an amount varying from 20 % to 30 % of their capital, according to the conditions in which they find themselves, and, in particular, according to the amount of their own capital, the nature of their investments in the locality and the term at which the deposits may be claimed. Consequently, the credit opened to them and their eventual deposits in the Federal Bank must amount to 20% or 30%; 20% may suffice:

- (1) When at least 30 % of the investments consists of loans repayable before the next harvest;
- (2) When their own capital is in suitable proportion to that provided by outsiders;

(3) When the deposits constituting the largest amounts are only kept on condition that notice for repayment shall be long and the term kept to even at ordinary times;

(4) When the co-operative societies have relations exclusively with one federal bank (*Ausschliesslichkeitsverhältnisse*), that is to say when they apply to it alone for credit and deposit only with it.

If we suppose that this 20 % is divided equally between the credit banks and the deposits made with the Central Bank, it would be allowable to invest 60 % of the capital in loans repayable after the following harvests. An examination of co-operative statistics and the balance sheets of loan and savings banks shows that it is no rare thing for this limit to be passed. In fact, the amount of mortgages and loans granted for purchase of real estate sometimes 80 %, or 90 % of the capital and even more. However, this amount of 60 %, to the detriment of the deposits in the Federal Bank, seems to us too high. If, according to the hypothesis, only about 10 % of the capital is deposited in the Central Banks, it will be difficult for them to thrive. They will be unable to perform their task of meeting the requirements of the loan and savings banks for credit as well as those of other kinds of co-operative societies of recent foundation with insufficient means. In our opinion, not 10 % should be set aside to form deposits in the Federal Bank, but much more, for example, from 20 to 30 %. Happily, a certain number of banks act on this principle. It is to be hoped that others will follow their example, and will reduce the amount of credit they grant on real estate, of which they have been up to the present too lavish.

As already shown, there is another essential condition for the regular development of the banks and for long term credits, namely, that the societies must possess *sufficient capital* of their own in shares and reserve fund. The capital in the reserve fund cannot leave the safes and the share capital can only be withdrawn when the members leave the society. It will serve to counterbalance the fluctuations in the capital supplied by outsiders (deposits and bank credits). It is therefore specially necessary for banks which have used their working capital for long term investments, so that, consequently, it is less easy to realise it. As these investments have considerably increased in the last fifteen years, both absolutely and relatively, there is reason for alarm in the fact that the statistics of the National Federation show, on the contrary, during the same period, a comparative decrease in the amount of capital belonging to the societies themselves. This, which includes the share capital, the reserve funds, the amounts brought forward in previous working years, the property of the society etc., amounted

at the end of 1896	to	6.2 %	of the working capital,
"	"	1901	" 4.5 % " "
"	"	1911	" 3.8 % " "

In the urban co-operative credit societies, the capital of the societies themselves was 21.16 % at the end of 1911 and even in 158 large banks it was 22.4 %

of the total working capital. Certainly, the urban credit co-operative societies, and more still the large banks, are, in their economic constitution and their aims, very different from the loan and savings banks, but, even when account is taken of this difference, it is seen from the figures given above that the capital belonging to the rural societies themselves must be considerably increased, the rather, as the years 1896, 1901 and 1911 show a gradually decreasing percentage from 6.2 % to 4.5 % and finally to 3.8 %. This decrease is explained by the comparatively more rapid increase in the amounts owned by outsiders and especially in the deposits. Statistics also show that payments into the reserve fund are insufficient to increase this capital, but that rather the value of the shares should be raised.

The National Federation recommends that the value of the shares should be at least 100 marks, but if possible higher, up to 500 marks. It is considered in this connection, that by far the most of the loan and savings banks are regulated in accordance with the system of unlimited liability, and that the law lays down in this case that no members may have more than one share.

More than 90 % of the rural loan and savings banks are still far from following the above counsel. According to the statistics of the Prussian Central Bank, it appears that, among the unlimited liability loan and savings banks at the end of 1908:

56.20 %	had shares of a value not exceeding . . .	10 marks
30.90 %	" " " " between 10 and 100 "	"
12.78 %	" " " " 100 " 1,000 "	"
0.12 %	" " " " more than . . .	1,000 "

The average amount of the shares, given as only 20 marks, also shows how small they are and how small the amounts paid up in most cases. In recent years there has been an improvement, but not yet very appreciable. The difficulties presented in recent months, owing to the small amount of money on the market and the lessons learned from the crises in the co-operative societies in the Grand Duchy of Hesse, certainly not the last fact to be considered, should urge them, more strongly and more effectively to increase the amount of their shares.

In any case, in loan and savings banks in which there are large sums deposited, amounting to millions of marks, even if the value of the shares and the amounts paid up were increased to 500 marks, it would not yet be enough to provide the co-operative societies with enough capital of their own. The Statistical Yearbook of the National Federation supplies valuable information on the subject. We learn from it that a bank with 32 members has 3,190,886 marks working capital, 2,988,122 marks of which are derived from deposits. It has, it is true, 150,600 marks in its reserve fund. Consequently, its share capital is 44,800 marks; the value of the shares must be 1,500 marks or even more. Its own capital is therefore only 195,400 mks. or 6.1 % of the total of its working capital, which is not a sufficient economic foundation. The situation of another bank is still worse. It has 368 members. Its working capital is 10,980,000 marks.

4470,000 marks being derived from deposits. Its own capital consists of 151,388 marks in shares and 182,946 mks. in reserve fund. It forms therefore only 3.3 % of the working capital. If these banks, and others like them, wish to form a really sufficient capital of their own, they should increase the value of their shares up to 5,000 and even 10,000 marks. We can scarcely say whether such an increase would be possible economically speaking. But in any case shares of such high value would be little suited to the nature of the loan and savings banks. The only remaining course is to increase the number of members and in this way appreciably increase the capital belonging to the society. Unfortunately, it is not easy to find a certain unwillingness to accept new members who are not rich, either through fear of a diminution of the dividends, or through mistaken ideas of the members. The lessons taught by Nieder-Modau and other banks, in which a small number of members had to bear heavy pecuniary losses, will, it is to be hoped, help to the reassertion of the principle that the economic foundations of the loan and savings banks must be reinforced by the largest possible increase of members.

The precautionary measures of which we have just spoken may reduce the fears with regard to large grants of long term loans on mortgage and advances for purchase of real estate. Yet, it seems desirable to limit these loans in future and rather to encourage the deposit of the surplus funds in the *federal banks*. If this principle is advanced to day, it is also necessary, in view of the unfortunate occurrences recorded in section 3, at the same time to require the *Central Banks to use the most scrupulous diligence in the management of the amounts entrusted to them*. All the commercial and co-operative rules applicable to the local banks must also be observed and even far more carefully, by the central banks. The severest blow is even to the principle of clearing by means of co-operation, when the savings made in the country, which should return to the rural population in need of credit, are invested in building lots or mortgages or in industrial undertakings in large towns. Even if investments of this kind were fewer than they were unhappily in the cases considered, it would still be an error to use agricultural savings for other than co-operative purposes.

The theory that, by means of the increase of the deposits in their central banks, an excess of available money may be obtained, which there is no means of profitably utilising, is untenable, at least under existing conditions. What is also true is that, in view of the small amount of money on the market, the central co-operative banks find their situation difficult and have had to ask for large credit from the Prussian Central Co-operative Bank and other institutes, and when the conditions of the money market improve there are still serious co-operative problems attending a solution for which the co-operation of the central banks is indispensable. It is with every good right, that, a few months ago, Dr. Heiligenstadt spoke, in the Prussian *Landes-Oekonomie-Kollegium* of one of the greatest tasks before co-operation in the future, namely the increased technical and agricultural improvement of the country districts. And it will be a very serious duty for the central banks to give financial support to the efforts made for this end, with

all requisite precautions, of course. They will then have need of considerable funds, which may be obtained from the local loan and savings bank. They will reach this end if, even leaving aside the question of a wise policy of remunerative interest, they keep the confidence of their affiliated co-operative societies, by means of a scrupulously conscientious and competent management.

In all we have said, we have desired, within the limits assigned to us, to set forth some of the most important lessons to be learned from the crisis in co-operation in the Grand Duchy of Hesse.

There remains only one question which requires to be briefly illustrated: that of the *work of the Inspection Federations* (*Revisionsverbände für die prevention of the recurrence of such events*). Criticisms, above all from the circles connected with the co-operative societies that have suffered from these events, reproach the Co-operative Federation more or less severely. They say that its inspections should have revealed the serious errors committed and its board of management have taken energetic measures to correct them. Here, first of all, another principle must be enunciated. The supervision to be exercised in a business, is, in accordance with the law and the regulations, the first duty of the board of supervision, which is also the most competent for the purpose, as it has a precise acquaintance with the personal and economic conditions of the debtors and their sureties. To relieve the board of this duty would be to shake the very foundations of co-operative institutions, the principles of autonomous administration and liability. It is only in consideration of serious losses that may be caused through insufficient control on the part of the board of supervision, in the case of particular societies and the entire co-operative system generally, that the system of inspection was instituted, the inspection being first of all optional and then, after the promulgation of the 1889 law on co-operative societies, compulsory. The inspection consists of an examination, at definite intervals, in order to see if the constitution of the society, the administration of the board of management and the control exercised by the board of supervision are in harmony with the laws and regulations. It is a matter that has been very much discussed of late years but has not yet been finally settled either by co-operative practice or by jurisprudence, whether this inspection should only be concerned with the management and bookkeeping or whether the exact value of the business operations should be investigated. We need not here again express our opinion on this point. However, one thing, that none can deny, is that with all sorts of commercial and co-operative rules are infringed, when credits of hundreds of thousands of marks are granted to private persons; loans are given for purchase of houses, and building lots and industrial undertakings of doubtful success in large towns at a distance; excessively large credits are given to members of the board of management, without the usual guarantees and without the authorization of the board of supervision as ordered by the law; arrears of interest and sinking fund allowed to accumulate to a large extent; when there is great inaccuracy and carelessness in the bookkeeping, when central banks invest three fourths of their working

pital in a small number of loans, each for some millions; faults so enormous cannot or should not escape the attention of a competent inspector who should make them known. Happily, it must be recognised, as has now been ascertained, that the inspectors knew of all these irregularities and had denounced them.

Some people also maintain that by proceeding energetically and without consideration, by expelling the co-operative society from the Federation and refusing it credit at the Central Bank, the catastrophe might have been prevented from assuming such proportions. But, in those years, no prophet could have foreseen the seriousness of the present state of things. Perhaps there were reasons for hoping that this ruin with all its consequences might be averted, and the society brought again into the right road and allowed gradually to make up for its errors. With regard to the idea of the expulsion of the society from the federation, we must also reflect on the risk of its continuing its bad management with less control and thus more certainly coming to ruin, with all the terrible consequences for co-operative circles whether near or at a distance.

Certainly, the recent sad occurrences have given the Federations a lesson which ought to lead them to greater activity and better supervision. It ought to be equally certain that, in the future, if they discover errors, instead of being indulgent, as they have been up to the present in certain cases, they will apply energetic measures without pity. Thus it must be hoped that the failures of the co-operative societies, which have been so formidable, will lead to the elimination of whatever is opposed to the very life of such societies. This will bring about the return to wise co-operative and economic principles, and so to the most extensive reinforcement of agricultural co-operation, which has been so beneficial in such a variety of ways.

ARGENTINA.

THE CO-OPERATIVE MOVEMENT IN ARGENTINE AGRICULTURE

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§ 1. AGRICULTURAL CONDITIONS AND CO-OPERATION.

In a young country like Argentina, where agricultural economy is in its initial stage, it is natural that association should not yet have had the development, nor assumed that importance which it has in the countries of Europe. To such conditions as a scanty population of heterogeneous

gin, immense, often boundless, landed estates, and remoteness from inhabited centres, favouring the independence of the farmers, are often to be added the precarious nature of the tenure of the land, especially of leases, the consequent temporary nature of the position of the colonist on the farm and therefore the absence of the necessary guarantees for the firm establishment of co-operative institutions; finally, account must be taken of the spirit of individualism, natural to the immigrant in a new country, where he has usually to rely on his own strength alone; and it will be easily understood why the co-operative idea has made but little way in such a state of society (1).

All the same, there has been no want of attempts in the last ten years to unite the scattered energies of the farmers and liberate them from the yoke of the many middlemen, country merchants, *almaceneros* etc., who take advantage of the farmer in every phase of his activity, from the purchase of food stuffs to the sale of produce.

The first steps towards co-operative organization were especially taken in what is called the grain region, which includes the richest and most fertile provinces of the Republic, Buenos-Aires, Cordoba, Santa Fé etc. Here the population is densest, the settlements most numerous, communications most frequent, social relations easiest.

The first co-operative experiments for mixed objects (purchase and sale of food stuffs, agricultural implements etc., credit etc.), sometimes had serious difficulties to face in the implacable opposition of the middlemen and dealers, who saw in these advance posts of co-operation a menace to their interests, the want of experienced management, of firmness and constancy on the part of the organizers, and the want of preparation on the part of the members. "The conditions under which Argentine agriculture is developing," declares Lahitte, the distinguished Manager of the Rural Economy Office, "are almost all, whether economic or moral, opposed to the success of co-operative societies, many of which have on this account been solved."

The mutual fire and hail insurance societies have had better fortune on account of the evident necessity for them, the immediate benefits their members reap and, finally, their simpler organization.

The success of some experiments, the example of European countries made known by the press and by immigrant colonists, the propaganda made by the authorities, the difficulties of agricultural industry calling for more scientific methods of cultivation and more abundant means of credit, and, finally, the generally increased cost of living, all this has in recent times rendered the need for farmers to associate for the defence of their interests more acute. It may be said that to day the problem of association generally and of co-operation in particular is urgent for Argentine agriculture. The movement is favoured by the political and agricultural press,

(1) For a more detailed account of the agricultural conditions of Argentina, see our article, "Some Indications of the Economic and Agricultural Progress of Argentina", published in the *Revue of Economic and Social Intelligence*, No. 34., October, 1913.

by the agricultural societies (1), by the upper classes, and by the Government. The recent agitation of the colonists in the Province of Santa Fe has caused the conditions of the Argentine farming classes to be studied with great attention. All agree that one of the most effectual means of improving their lot will be the spread of co-operation and especially of credit co-operative societies offering the farmers the means of carrying on agriculture on a more scientific system and liberating the selves from the yoke of middlemen. Various bills in favour of agricultural co-operation are now before Parliament; we shall speak of them in a later paragraph. Let us now give a glance at the legislative system now regulating co-operative societies in Argentina.

§ 2. LAWS IN FORCE ON CO-OPERATIVE SOCIETIES.

Up to the present there has been no special legislation in Argentina either for co-operative societies generally or agricultural co-operative societies in particular: they are regulated by the provisions governing societies in the Commercial Code of 1889. In the Introduction to the Code it is stated that "with regard to co-operative societies it has been considered best only to lay down what is essentially requisite for them and to leave the members of each particular society the right to adopt the legal form that seems to them most suitable. By this abstinence from laying down special rules it is hoped that any hindrance to the first advances of the institutions may be avoided: when experience has shown the need of more detailed legislation may be introduced."

In accordance with Chapter VI (art. 392-396) of the Commercial Code the co-operative societies must adopt one of the following forms: limited liability society, society of collective title, society *en commandite*, society of capital and industry (2). They must conform to the prescribed rules except as regards the following modifications:

1. The title of the society must always be accompanied by the word "Co-operative Society, Limited" or "Unlimited", as the case may be.
2. In the deed of foundation, statement must always be made of the conditions for the admission, retirement or expulsion of members, and of the minimum amount of the share capital and the way it is made up.
3. The shares must always be personal and no member shall have right to more than one vote, whatever the number of his shares. Unless otherwise stated, members shall have the right to withdraw from the society at any dates or at the end of the working year on giving one day's notice.

Generally the co-operative societies up to the present founded in Argentina have adopted the form of limited liability societies.

(1) The first Argentine Congress of Agricultural Co-operative Societies was held last year at Lucas Gonzales, on the initiative of the Regional Agricultural Society of Estación Cereales (Entre Ríos): the principal questions connected with the co-operative movement, especially the problem of credit, were examined at this important assembly.

(2) The name "*habilitación*", or society of capital and industry, is given to those forms on the one hand, of persons contributing capital or goods, and, on the other, of persons contributing their technical and industrial skill (industrial members).

§ 3. PRESENT STATE OF AGRICULTURAL CO-OPERATION.

As we have mentioned above, agricultural co-operation has only recently been introduced into Argentina: the first practical attempts were made within the last ten years and the existing societies, for the most part, have been founded within the last two years.

Generally, they have adopted the form of limited liability societies. The classic co-operative form of unlimited liability could not find a propitious soil in the agricultural conditions of Argentina: the situation of most of the farmers, tenant farmers or colonists, is precarious, on account of the often unfortunate conditions of their contracts and their dependence on middlemen who have advanced the capital needed for working their farms (1). The assets that might serve as the necessary security for membership in a society with unlimited joint and several liability (cattle, crops etc.) are generally pledged to the lessor and the local supplier.

Thus, the few agricultural co-operative societies existing have adopted the form of limited liability societies with the guarantee represented by their shares.

As regards their objects, some are founded for many purposes: distribution, purchase of agricultural machinery and farm requisites and of food, sale of produce, credit etc. In fact, they endeavour to provide for the requirements of the farmer, to satisfy which he must generally submit to the usurious demands of the local *almacenero* (2).

(1) Direct agricultural credit we may say is not to be found as yet in Argentina: the National Bank is authorized to grant loans to farmers, but the conditions it asks do not allow of all farmers and colonists profiting by it. On the other hand what is called commercial credit to a large extent agricultural credit in disguise: the middlemen obtain the money from the bank and lend it at high rates to the farmers.

(2) We shall here give the list of the various objects of an agricultural co-operative society founded in the Province of Buenos Aires in 1906:

(a) Reception for deposit in its storehouses of the members' grain in order to sell it when the Board of Management judges suitable.

(b) Sale at public auction or by private arrangement of urban and rural real estate, personal estate, cattle, goods etc.

(c) Encouragement of the opening of new markets abroad, and the reduction of transport costs etc.

(d) Purchase, negotiation, mortgage, lease and hire of rural land or buildings.

(e) Collection or payment for account of members of dividends, dues, or rents, discounting or advancing the amounts.

(f) Purchase or sale for third parties of Government securities, bonds, documents of title etc., besides accessory machinery, various goods etc.

(g) Reception of deposits in current account or at fixed date, with or without interest.

(h) Discounting, endorsing and collecting bills or other commercial values for members or others.

(i) Discounting in due course, its bills in case and issuing bills of exchange for deposits.

(j) Opening of credits for members, granting them amounts at low interest, always, however, as advances or on account on the security of produce in the society's stores or of the next harvest.

(k) Grant of advances and loans on deposit of mortgage bonds, Government securities, etc.

(l) All other operations that, always within the limits of the law, are connected with those mentioned above and come within the scope of commercial or banking institutions.

Other societies have special objects, like those for mutual hail and insurance. These societies, as we shall see, have developed to a certain extent and acquired considerable importance.

It is not easy to obtain accurate information with regard to the number and work of the agricultural co-operative societies in Argentina, as movement is still in its earliest stage. A recent enquiry of Lahitte's shown that the number of societies does not exceed some sixty, but one half of these are actually working. Of the rest, some are still in course of foundation and some have been dissolved on account of their want of success.

Statistics courteously forwarded to us by the Argentine Government show that there were 34 agricultural co-operative societies in the agricultural year 1912-13: of these 22 had various objects (distribution, chase, credit etc.), 9 were mutual insurance societies against hail (8) fire (1), 3 were irrigation societies. We give the statistics below:

*Agricultural Co-operative and Mutual Societies
in the Agricultural Year 1912-13.*

	Mixed Co-operative Societies Limited by Shares	Mutual Co-operative Fire and Hail Insurance Societies	Co-operative Irrigation Societies	Total
Number of Societies . .	22	9 $\left\{ \begin{array}{l} 8 \text{ Hail} \\ 1 \text{ Fire} \end{array} \right.$	3	3
Number of Members . .	5,494	7,705	172	13,371
Authorised Capital . .	\$ m/₮ 2,059,000	1,055,000	1,400,000	5,514,000
Subscribed " . . .	" 1,214,510	—	1,018,075	2,232,585
Paid up " . . .	" 714,636	—	979,010	1,693,646
Fixed " . . .	—	516,505	—	516,505
Reserve and Thrift Fund	" 129,594	918,051	—	1,047,645
Total Actual Capital . .	" 844,230	1,434,556	979,010	3,257,796

The 22 mixed co-operative societies had therefore 5,494 members; an actual capital of 844,230 pesos national money (1); the 9 mutual fire and fire insurance societies had 7,705 members and 1,434,556 pesos capital; the three irrigation societies, 172 members and 979,010 pesos capital.

(1) A peso =/₮ is equal to 2.20 frs.

In the course of the year the business done by the mixed societies was under:

Collective purchase of machinery, articles of consumption etc.	2,728,052 pesos
Collective sale of grain, tobacco etc.	2,001,155 "
Credits granted in money	98,557 "
Mutual aid	78,000 "
Total business done	4,905,764 "

The business done in the matter of hail insurance by mutual and mixed co-operative societies may be summarised as follows:

Work of the Hail Insurance Co-operative Societies	Mixed Co-operative Societies	Mutual Societies	Total
Area Insured - Hectares .	106,070	1,263,611	1,369,681
Amount Assured - \$ m/a .	3,226,150	40,374,341	43,600,491
Amount of Premiums - do. .	141,920	1,913,493	2,055,413
Amount of Claims Paid - do. .	83,321	930,127	1,013,448

As we see from the considerable amount of claims paid in 1912, exceeding a million francs, mutual hail insurance has already a certain importance. The following examples mentioned by Girola in his report to the Congress of Ghent witness to the success of the co-operative form, for which a great future may be in store.

The limited liability mutual co-operative hail insurance society, "*El progreso agrícola de Pigué*" (Province of Buenos Aires), founded in 1898-99 with a capital of 220,000 francs, had 2,292 members in 1911-12; it had at the same date a reserve fund of 393,000 francs and a thrift fund of 110,000 francs. It had realised a profit of 726,000 francs.

The co-operative mutual hail insurance and colonisation society, "*La evasión de Tres Arroyos*" (Province of Buenos Aires) founded in 1904-05, with a capital of 220,000 francs, had in 1911-12, 4,915 members, a reserve fund of 880,000 francs, and a thrift fund of 246,000 francs. It had assigned the amount of 346,000 francs for purposes of colonisation and 85,537 francs for the founding of a model agricultural farm with an agricultural station. The society had signed 32,000 francs out of its profits to this work, and this, after a year of heavy expenses and serious charges it had had to support owing to hail storms, on account of which it had to pay its members more than 100,000 francs in claims.

We have before us the rules of a hail society founded in 1912 in Rosario: "*La Rural Cordobesa*". It is based on mutual principles, that all the policy holders share in the profits. It is founded for a term of 50 years, with a capital of 1,500,000 pesos m/n., in 15,000 shares, 100 pesos each, in six series of 2,500 shares.

The society will be constituted and commence working as soon as the first two series of shares are subscribed. The shares of the first three series will be considered as "foundation shares", giving a claim to special dividend.

As regards payment of the shares, 10 % of their nominal value must be fully paid up; the rest, when the Board of Management shall determine in contributions of 10 %, at intervals of not less than 60 days.

The Board of Management consists of 9 full members, 5 deputy members, a president and vice president. The 9 councillors must each hold at least 20 shares; these shall be deposited in a bank in which the society has confidence.

The conditions for insurance tariffs etc. must be established by the Board of Management.

In the General Meetings every share gives right to one vote. Insurance members who are not shareholders may attend the meetings, but have no right to vote or speak.

Among the associations that are prospering we may further mention the *Unión Agricultores y Ganaderos* of Carhué and the "*Agricultores Unidos*" of Puan, both in the Province of Buenos Aires.

The co-operative movement is beginning to extend to other regions outside the Province of Buenos Aires. In the Province of Entre-Ríos, in recent years various institutions of the kind have arisen, among which we shall mention:

"*La Agrícola Regional de Estación Crespo*", the principal objects of which are the purchase of agricultural machinery, livestock etc. for insurance, the foundation of dairies, of storehouses for grain, land purchase etc.; it has 254 members and a capital of 63,000 pesos m/a; in 1912 it did business to the amount of 214,000 pesos and made profits to the amount of 9,300 pesos;

"*El Fondo Comunal de la Colonia Clara*", which has for its objects the sale of cereals, the purchase of machinery etc.; it has 800 members and in 1912 did business to the amount of almost 1,000,000 pesos.

In the Province of Tucumán, where rich industrial crops flourish co-operative societies are being founded for the cultivation of tobacco and fruit.

The Government, for its part, endeavours in every way to encourage this movement: the General Management of Agricultural Statistics and Rural Economy has instituted a special department for co-operative propaganda and published and distributed model rules. But in order that co-operation may spread and bear fruit in the various branches of Argentine agriculture, the ground must first be prepared for it: it requires, the manager of the above office writes, a special institution to guide it and

courage it with subsidies and cheap credit and there must be a special legislative regime for it. Various bills for the purpose are now before parliament. Let us briefly examine the character and bearing of some of these.

§ 4. RECENT BILLS IN FAVOUR OF AGRICULTURAL CO-OPERATION.

The Uriburu Bill. — The necessity of regulating by special rules the legal form and economic working of the co-operative societies and encouraging their development by means of financial assistance from the Government was perceived in 1905 by the Senator Uriburu. The bill presented to parliament by him was not discussed but has always served as the basis of succeeding proposals, including those that will now shortly be put to vote.

The proposal especially contemplated rural banks which, however, in addition to their credit business, might act as distributive co-operative societies, co-operative societies for production etc. It regulated their financial constitution, economic bearing and working, on the example of the similar institutions of Europe, provided further for the foundation of a Central Commission for purposes of propaganda and inspection, and, in addition, an institution for the distribution of credit on terms of favour, to be supplied from a fund of 11,000,000 frs. granted for the purpose by the Government.

The Lobos Bills. — In 1911, Dr. Lobos, at that time Minister of Agriculture, profiting by the studies undertaken by Lahitte, presented a bill in behalf of co-operation and agricultural credit. "In new countries like ours," it was remarked in the Presidential Message for that year, "where the density of the population is low and the people are principally immigrants, the problem of co-operation and agricultural credit must present itself from a point of view opposite to that of European countries. Few in our country are the districts in which farmers form co-operative societies, supply them with capital, and give them a permanent form. In order to develop these useful institutions, must begin with the institution of a central organization to promote, with the help of its branches, the foundation of co-operative societies, rural banks etc."

In accordance with this idea, the Minister Lobos proposed, in the first place, the foundation of a "National Agricultural Bank". This institute was to be the great organization for the reinvigoration of the system of Argentine agricultural economy. Not only was it to encourage by every means, propaganda, credit and inspection, the development of the rural banks provided for and regulated by a special bill, but it was directly or indirectly to promote the increase of colonisation in behalf of private farmers and undertakings, granting real, or personal credit, purchasing, dividing and distributing public or private land. This colonising action would give rise

to those rural nuclei from which the recruits for the future co-operative institutions would issue. For this object the Government was to grant the Bank 10,000,000 hectares of State land, as well as the real estate of the National Bank in liquidation (more than 2,500,000 hectares).

The State was called on to contribute as follows to the formation of the capital of the new Bank:

(1) With the produce from the sale or lease of the National Bank buildings;

(2) With the produce from an issue of bonds for the amount 15,000,000 gold pesos (75,000,000 frs.).

(3) With 50% of the net produce from the sale or lease of the Government land assigned.

Further, the Argentine National Bank was to have been authorized to open a current account for the Agricultural Bank for three years, at a rate of interest not exceeding 3%, up to the amount of 10,000,000 pesos (22,000,000 frs.).

The rural banks, distributive co-operative societies etc., for which the above institute was to serve as a bank and an institution for their institution, were to be founded in accordance with special principles and in definite objects established by a second bill.

A third bill determined the character and bearing of the agricultural *warrant*. The resignation of the minister Lobos retarded the discussion of his proposals.

The Mujica Bill. — In 1912, the New Minister of Agriculture, Dr. Mujica, presented a bill in favour of Co-operation. Considering that the immense reform proposed by Lobos would have required a long period of time, while meanwhile measures of immediate application were urgently demanded, the Minister thought best to limit the scope of his proposal. First of all, it does not modify, as Lobos did, the legislative provisions in force in regard to co-operative societies (§ 2) but limits itself to establishing that the societies desirous of enjoying the advantages offered by the law, must submit to the law laid down therein. The proposer desires to maintain in the law the liberal principles established by the Commercial Code; he also recognizes like his predecessors, the urgent necessity of the financial intervention of the Government in behalf of the co-operative societies. For the purpose, he proposes to institute at the Bank of the Nation a department for open credits to co-operative societies founded in accordance with a special regime.

The Government will consign to the Bank the amount of 10,000,000 pesos $\frac{1}{2}$ (22,000,000 francs) in Argentine credit bonds at 5%, to serve the operations of the department in question; this grant will be increased by any eventual profits.

Those societies shall be recognised as co-operative societies, for the purposes of the law, which are constituted among farmers or livestock producers of the same department or district, under the following conditions:

1. that they are formed of more than 10 members who have resided at least a year in the locality ;
2. that the rules are approved by the Government, on the advice of the Department of Agriculture.
3. that the rules are in agreement with chap. VI of the Commercial Code and art. 317 (1), whatever be the form of society adopted.
4. that they have for their exclusive object, co-operative rural credit, co-operative expenditure, distribution, insurance of agricultural risks, active agriculture and livestock improvement ;
5. that the initial capital does not exceed 100,000 pesos ;
6. that, in co-operative distributive societies, the sale is limited to members only ;
7. that, in unlimited liability co-operative societies, no members may withdraw without a year's notice ;
8. that they are unconditionally liable to inspection of their accounts by the Department of Agriculture.

As we see, this bill, which is the third official attempt at reform in the matter of agricultural credit and co-operation, affirms the principle of State financial assistance and Government inspection. It is expected that the application of these provisions will lead to the rapid spread of co-operation. When, by means of education, encouragement and example, as Girola, the farmer has been made to understand the advantages to be derived from the union of forces, the co-operative societies will multiply. There is no doubt that they will introduce a radical transformation in the precarious and often wretched conditions of his existence. In Co-operation and Mutuality he will find the means for the better safeguarding of his interests, will sow and reap his harvest under more favourable conditions, having at his disposal a credit that today he can only obtain at exorbitant rates. He will be able to obtain his food stuffs at lower prices, improve the material of his labour by the purchase of good agricultural machinery, which will give him larger returns.

Argentine agriculture, which now finds in the unrest of the rural population a serious obstacle to its regular development, will thus be able to advance towards that splendid future the great resources of the country are capable of.

(1) This article declares that, once a limited liability society has been constituted, any subsequent decision of the shareholders in opposition to its rules, is null.

ITALY.

1. — THE NATIONAL CREDIT INSTITUTE FOR CO-OPERATION.

SOURCES :

STATUTO DELL'ISTITUTO NAZIONALE DI CREDITO PER LA COOPERAZIONE (*Regulations of the National Credit Institute for Co-operation*). — Department of Agriculture, Industry, Commerce, General Management of Credit and Thrift. Rome. G. Bertero, 1913.

As we know (1), Luigi Luzzatti, then Minister of Agriculture, Industry and Commerce, on February 11th, 1910 laid before the Chamber Deputies, a bill for the "Institution of a Bank of Labour and Co-operation," in response to the repeatedly expressed desires of the Italian co-operative societies and farmers.

In accordance with the text agreed on between the Parliament Commission and the Government, this Bank should have had at its foundation an initial capital of not less than 15,000,000 frs., of which 10,000,000 frs. was to be contributed by the State, 2,000,000 frs. by the Bank of Italy and the remainder by the ordinary savings banks, the co-operative societies, people's banks etc. It would have the right to receive deposits in cash.

For purposes of business, it was to be divided into three departments namely, 1st., the co-operative societies department, with 50 % of the subscribed and paid up capital, 2nd., the people's banks department, with 40 % of the capital; and 3rd., the department for credit in favour of sea and river fishing with the remaining 10 % of the capital.

All the co-operative societies, without distinction, would be able to do business with the bank.

Although the proposal was generally well received by the country, so that in a short time the capital subscribed by savings banks and other institutes exceeded 12,000,000 frs., which, together with the 10,000,000 frs. supplied by the State, formed a total amount of more than 22,000,000 frs. the bill never came to a vote. It being however urgent to provide credit for the co-operative societies, the present Minister of Agriculture, Hon. Signor Nitti, decided to have recourse to a measure of easier and more

(1) See *Bulletin of Economic and Social Intelligence*, of September 30th, 1910, pp. 181 et seqq.

mediate realisation, promoting last June the foundation of a *National Credit Institute for Co-operation*, the fruit of the free, spontaneous and independent efforts of the larger Italian Credit Institutes. Let us briefly plain its organization.

The formation of the capital. — The institute was founded as an autonomous incorporated body, with an initial capital of 7,750,000 (1) frs., the formation of which there contributed the National Workmen's Sablement and Old Age Insurance Society, with 2,000,000 frs., the Bank Italy and the Credit Institute for Co-operative Societies at Milan (2) 1,000,000 each; the savings banks of Milan, Turin, Florence and Genoa with 500,000 frs. each, the savings bank of Genoa, with 1,000 frs. and that of Rome with 250,000 frs. and also the Vittorio Emanuele Savings Bank of Palermo and those of Bologna and Venice, and the Monte dei Paschi of Siena, with 200,000 frs. each and lastly the savings banks of Padua, Modena, Cosenza and Ferrara, with 100,000 frs. each.

The contributions of the savings banks of Milan and Rome are free rents.

Besides the capital contributed as above by the organizations founding the Institute, the Board of Management may sanction the acceptance of additional contributions of amounts of not less than 10,000 frs. from legally constituted institutions of public utility or co-operative societies.

Business of the Institute. — The object of the institute is to provide credit to legally constituted co-operative institutions of every kind and their assortments. To attain this end it conducts the following operations:

(a) It discounts for the co-operative institutions bills signed and endorsed by two competent and solvent persons, and also cheques and promissory notes; (b) in exceptional cases, and with the precautions established by the Board of Management, it grants direct advances to the co-operative societies on the security of bills accepted by them; (c) it grants credits on presentation of certificates of labour performed and invoices duly accepted, and on orders from the public administrations; (d) it grants loans and advances to the co-operative institutions, either on pledge of documents established security and on credit, or generally on the security and with the precautions established by the Board of Management; (e) it exacts and makes payments in behalf of co-operative, mutual aid and improvement societies and other similar institutions and generally undertakes their cash business; (f) it rediscounts bills transferred to it, opens current accounts, accepts deposits from co-operative societies and issues loans at interest at fixed terms.

Executive Authorities of the Institute. — These are the following (a) the general meeting of shareholders; (b) the Board of Management; (c) the General Director; (d) the Credit Committee. We shall consider them briefly: the general meeting of shareholders, assembling usually once a year, must: 1st, consider and pass the accounts; 2nd, appoint the members of the

(1) Raised to eight millions by means of contributions from new establishments.

(2) See *Bulletin of Economic and Social Intelligence*, July, 1913 pp. 30 et seqq.

board of management and the inspectors; 3rd., deal with any other subject on the agenda. Whenever the Board of Management considers fit it is requested by the number of shareholders representing at least a fourth part of the paid up capital, special meetings may be called.

In the case of both the ordinary and special meetings, it is necessary for the validity of the meeting that on its first assembly there should be a many members present as, whether in their own right or as proxies, represent at least half the subscribed capital. The second assembly is valid, whatever be the number of members present. Resolutions are carried by the majority of votes of those present and each member has a right to one vote for every 10,000 frs. capital subscribed.

The *Board of Management* is invested with the fullest powers for the management of the institute. It in fact provides for the appointment of the credit committees and the employees of the institute and for everything not reserved for the general meeting to deal with. It elects from among its own members a president and a vice-president, whose appointments must be approved by decree of the Minister of Agriculture, Industry and Commerce.

This Board is composed of nine members, who remain in office for six years and are re-eligible, and a third part of the board is renewed every two years. The president and, in his absence, the vice president is the legal representative of the Institute.

The business management of the Institute is, however, entrusted to the *General Director*, who is appointed and may be dismissed by the Board of Management, by vote of at least two thirds of the members, subject to the approval of the Minister of Agriculture, Industry and Commerce, to be published by Decree.

The General Director must give security to the degree and in the manner to be laid down in the regulations and must devote all his activities exclusively to the advantage of the Institute.

At the central head quarters (Rome) and the subordinate offices of the Institute — to be established by the Board of Management in the cities where there appears need for it — there will further be instituted *Credit Committees*. They must consist of persons competent in technical and administrative business, "whose interests are not in conflict with those of co-operation." The committee of the central office is composed of not more than 15 members and those of the subordinate offices of not more than 9 members and their duty is to assist the Director in the conduct of the business. Both in the Central and the subordinate offices, two members of these committees, each month in turn, together with the Director, form a discount committee: no bill may be discounted and none of the operations mentioned under letters (a) (b) and (c) above may be performed without the written approval of this Committee, in which decisions are arrived at by means of a majority vote.

The Institute is empowered to make the grant and the supply of credit conditional on the inspection of the co-operative societies requesting it.

For the supervision of the work of the Institute and the inspection of accounts finally, there is, established a *Board of Commissioners of Accounts* composed of five full members and two deputies. The full members are appointed: three by the participating members, one by the Department of Agriculture, Industry and Commerce and one by the Central Commission of Co-operative Societies. The deputies are appointed at the ordinary general meeting.

The balance sheets and profits. — The working year closes on December 31st. of each year. Within 45 days from that date and not less than one month before the convocation of the ordinary general meeting — which must not be later than March 31st. — the Board of Management must submit to the Board of Commissioners its Statement of Accounts, "made in accordance with the strictest rules of prudence." The statement of accounts must specially show the debits and credits for the working year, the profits actually realised, and the profits and losses.

Outstanding credits of whatever nature they may be, must be included, according to the Rules, among the losses for the year, and, when collected, must appear as profits for the year in which they are partially or entirely paid. Under this head are included all credits of whatever nature to institutions that have failed and all credits for capital, interest and accessory accounts for the recovery of which legal steps have been taken.

The profits, after deduction for working expenses and losses, will be divided as follows.

First of all, 5% must be deducted for the reserve fund. The remainder will be distributed among the share holders in proportion of not more than 1% of the capital paid up.

Of what still remains, 20% will be placed to the reserve fund and 80% will be placed at the disposal of the meeting, which, on the proposal of the Board, may divide it among the shareholders or place it to the reserve fund.

The proportion of the profits to be assigned to the institutes which have made their contributions as free grants, will be distributed in agreement with the Department of Agriculture, Industry and Commerce, as *reward to the co-operative societies that best answer their purpose*. And in case the institute's accounts close with a loss, not covered by the reserve fund, the profits of the succeeding years, before any deduction is made, shall be used in making good the loss.

Government supervision. — The Government in no way interferes with the work of the Institute, "which must be preserved from any political control", but it exercises supervision over it, appointing, as we have seen, a representative on the board of Commissioners of Accounts. He must advise the Department of Agriculture, Industry and Commerce of any decisions of the Board of Management or the General Meeting he judges contrary to the laws or regulations or injurious to the interests of the Institute; the Department, then, after consultation with the Council of State, shall cause the said decisions to be annulled by Ministerial Decree, if the Institute refuses to annul them itself.

The Department may, further, order periodical and special inspections, the first as a rule once a year; and in case of mismanagement in the business or infringement of the regulations or other serious irregularities it may dismiss the Board of Management and substitute for it a Royal Commissioner, who shall provide by Royal Decree for the appointment of a new Board within three months, a term which may be extended to six months. Finally, regulations to be approved by the Board of Management shall govern the organization and working of the Institute. We shall deal with these regulations in due course.

2. — MISCELLANEOUS NEWS.

1. — THE RESULTS OF TWO PRIZE COMPETITIONS AMONG THE SICILIAN AGRICULTURAL CO-OPERATIVE SOCIETIES. — These competitions were opened, in accordance with art. 24. of law no. 100 of March 19th., 1909 the first among the agricultural banks, the second among the consortiums and agricultural societies of Sicily, by Ministerial Decrees of October 26th. 1912 and January 16th., 1913, respectively.

Seven societies applied to be allowed to compete for the prize offered to the consortiums and agricultural societies, but only one could show that it satisfied the conditions required, that is, that its initial capital was not less than 10,000 frs. and was fully paid up. This was the *Partinico Co-operative Wine Society*.

Founded in 1910, it has been able to work profitably and consolidate itself in spite of bad seasons, succeeding in producing a permanent type of white wine; anxious to offer its produce immediately to the consumers, it has opened a branch at Palermo for retail sale; in addition, it has supplied its members with chemical manure and anticryptogamic substances and has granted them loans for digging and pruning, thus conducting real and true agricultural credit operations.

The judges, with the object of encouraging the spread of agricultural co-operation in Sicily, proposed that this sole competitor should be awarded the first class prize of 3 000 frs.

Ten Societies competed for the prize offered to the agricultural banks. The judges, after carefully examining the claims of the individual competitors, considering chiefly their work in connection with agricultural credit business, made the following proposals with regard to the award of the prizes: 1st., that the single first class prize of 3,000 frs. should be awarded

the *Callagirone Popular Agricultural Bank*, founded in 1906 with 24 members, increased to 719 at the end of 1912.

The importance of this Bank as an agricultural credit institute is clearly shown by the amount of credit granted it by the Agricultural Credit Department of the Bank of Sicily which has now reached the considerable sum of 275,000 frs., as well as by the amount of agricultural bills rediscounted for it by the same Department. The Bank further makes large provision for the more general use of chemical manure which it sells directly to members, and it even extends its benefits in other fields having already provided, out of its annual profits for the appointment of a doctor for the formation and increase of a fund for mutual assistance.

2nd. The judges further proposed that the second class prize of 2,000 should be awarded to the *Scordia Agricultural Loan and Savings Bank*, which has 15 members and grants loans not merely to its own members, but to a greater extent to outsiders (in 1912 only 22 loans for 19,990 frs. were granted to members and 375 for 85,550 frs. to non-members), and successfully conducts other agricultural credit operations;

3rd. that the second class prize of 2,000 frs. offered for consortiums of agricultural societies by decree of January 17th, 1913 and not awarded, owing to no qualified competitors then presenting themselves, should be granted to the *Ravanusa Popular Agricultural Bank*, which has 289 members and a credit of 100,000 frs. with the Agricultural Credit Department of the Bank of Sicily.

It has conducted agricultural credit business on a large scale, as is shown from the fact that on December 31st., 1912 it could point to almost 100 frs. in bills in case and bills rediscounted at the Bank of Sicily. It has, in addition, concerned itself with the spread of the use of chemical manures and its management and bookkeeping department are well organized.

4th. The judges proposed that the four third class prizes of 1,000 frs. each, and a third class prize for 1,000 frs. offered for consortiums and agricultural societies as above, should be assigned to;

(a) the *Giuseppe Drago di Ferro Agricultural Loan Bank in Paceco*;
(b) the *Co-operative Society for Agricultural Progress in Mirabella Ercanese*;

(c) the *Sommolino Agricultural Co-operative Society for Production and Labour*;

(d) the *Co-operative Agricultural Society in Santo Stefano Quisquina*;

(e) the *Rural Loan Bank of Maria SS. Immacolata of Cerda*.

Of the other societies competing, two were considered deserving, if not of prizes, of encouragement: the Catholic Co-operative League "Beato Ignazio" for the farmers in Nicosia and the Vittorio Emanuele III Agricultural Co-operative Society of Raddusa. The committee of judges therefore proposed that to each of them should be awarded the amount of 700 frs.

Finally, it proposed the grant of the following subsidies;

1. 500 frs. to the Sanleoluca Bank in Corleone.

2. 500 frs. to the "Unione" Agricultural Co-operative Society Casteltermini.

3. 400 frs. to the Farmers' League for Improvements in Sommati

4. 200 frs. to the Vittorio Emanuele II Agricultural Co-operative Bank in Barcellona Pozzo di Gotto.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, no. 1 June 25th., 1913).

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2. - A NATIONAL OFFICE FOR ASSISTANCE AND INSPECTION OF ACCOUNTS FOR CO-OPERATIVE AND MUTUAL AID SOCIETIES. — As we know, one of the most important duties of the *Thrift Lecturerships*, recently founded in Italy (1), is the improvement of the technical, administrative and book keeping organization of the co-operative societies and the workmen's mutual aid societies. The better to attain this end, there has been recently founded in Milan a "National Office for Assistance and Inspection of Accounts," on the initiative of the *National League of Co-operative Societies* and the *Italian Federation of Mutual Aid Societies*, with the approval of the Department of Agriculture, Industry and Commerce, which has decided to place an amount for the purpose annually on the Estimates.

The work of this Central Office will be essentially the institution of local offices in the various provinces of the kingdom, in immediate relation with itself and bound, according to the means at their disposal and the special conditions of the various localities, to render the societies the following services:

(a) advice in regard to their book keeping, solution of technical difficulties and problems connected with it;

(b) inspection of accounts;

(c) equipment and arrangement of book keeping offices, and keeping of registers;

(d) preparation of estimates, statements of accounts and balance sheets;

(e) supply of books and printed matter for book keeping purpose.

These offices will be either directly instituted and managed for the account of the National League of Co-operative Societies and the Italian Federation of Mutual Aid Societies, or constituted and managed according to special agreements between the two above mentioned bodies and the local institutions and organizations.

They will discharge the above functions on a uniform plan, in accordance with instructions received from the Central Committee, to which they will be subjected as far as their technical work is concerned. This Committee is therefore entrusted with the following duties:

(a) the management and supervision of all the bookkeeping offices directly constituted by the League and the Federation above mentioned.

(1) See Bulletin of *Social and Economic Intelligence*, January, 1912, pp. 150 et seq.

and other offices founded by the local organizations affiliated to the National office and recognised by it;

(b) the indication of methods of book keeping, registration and the forms to be used in the various kinds of co-operative businesses, so as to attain a certain technical uniformity of bookkeeping in Italy, more and more corresponding with the administrative requirements of co-operation and its importance as an economic and social factor.

The Central Committee will continue in constant relation with the dependent offices, collect and keep the reports, notices and information forwarded to it on the work of the offices themselves and of the workmen's organizations. It will, finally, study how to organize throughout Italy a periodical information service, putting the League in position to keep itself in touch with the co-operative and thrift movement in Italy and to supply the most exact and complete information with regard to it, by means of special and annual publications.

The work of constitution of the local offices is proceeding rapidly: those for the provinces of Bari, Bologna, Brescia, Cremona, Ferrara, Florence, Genoa, Mantua, Milan, Novara, Parma, Perugia, Pesaro-Urbino, Piacenza, Ravenna, Reggio-Emilia, Rome, Turin, Udine and Verona have already been started and others are in course of formation.

(Summarized from *La Co-operazione Italiana*, Milan, no. 1,048, August 15th, 1913).

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3. — PROPOSAL FOR THE INSTITUTION OF A "NATIONAL BANK OF ITALIAN RURAL BANKS." — The rural and agricultural banks, which have lately developed in the last thirty years, since the first was started in 1883, are now more than 2,000 and the benefits they render the small farmers are known to all.

As is also known, they often find real support and illuminating guidance in the ordinary savings banks, the people's banks, the ordinary banks and the institutes founded by the State for regional agricultural credit business, but there is still wanting, in many parts of Italy, an organization capable of protecting the interests of the rural banks, supporting them in their earliest efforts, aiding them to overcome temporary difficulties due to considerable unexpected withdrawals of deposits or crises on the money market and in fact giving them permanent assistance.

But a national banking organization founded for the rural banks and devoting all its efforts to their development cannot but be useful.

Hence the steps taken by the *National Federation of Rural Banks* (some) for the foundation of a body answering the above purposes.

It will be called the "National Bank of the Italian Rural Banks" and be a limited liability co-operative society.

The society to be instituted will aim:

(a) at exerting an action in the field of co-operative agricultural credit, in behalf of institutions dispersed in small towns, and it proposes

for the purpose to enter into agreements, in the different regions, with the ordinary savings banks and people's banks, harmonising and completing their work wherever necessary;

(b) acting as intermediary between the rural banks and those credit institutes with which they are able to establish direct business relations and the value of the bonds of which they raise;

(c) constituting for the rural banks an economic centre to act as a clearing house, in turn receiving from them and paying out to them monies, as by their very nature, the rural banks have sometimes a surplus and sometimes a deficiency.

The capital of the society will consist of shares of 100 francs value each, of which no shareholder may have more than fifty, reserve funds and special funds for particular objects.

For the better guarantee of this society in its work with the rural banks, the latter must be shareholders and submit to periodical inspection by expert inspectors. In addition, so that the organization projected may have no speculative character, the rules, while giving it solidity through the formation of a large reserve fund, lay down that the shareholders' dividend on paid up capital may not exceed 5 %.

The Bank is strictly forbidden to engage in risky operations or speculate on the Exchange.

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4. — THE CONSTITUTION OF A TUSCAN CO-OPERATIVE BANK FOR AGRICULTURAL CREDIT. — A large group of Tuscan farmers "in the conviction that the special economic function of agricultural credit, its natural incompatibility with any kind of banking speculation and the forms of guarantees required by it, demand the constitution of an Institute which shall specialise in this class of business," recently founded a *Tuscan Agricultural Bank* in Florence, organizing it under the form of a limited liability co-operative society with unlimited capital and assigning to it the following duties:

(a) to make advances to members in order to supply the farms with live and dead stock;

(b) to acquire agricultural machinery, farm implements, seeds, manure, anticryptogamic substances and all other farm requisites;

(c) to grant credit on standing crops and on the produce of the farm stored in the farmers' own cellars and storehouses;

(d) to discount bills passed to members on account or in payment for the produce of their farms.

The form and manner of the above operations will be regulated by special provisions, "for the conduct of real agricultural credit business."

The Bank has further power to issue and negotiate cheques both in Italy and abroad, to exact or make payment for the account of members and outsiders, to undertake cash business, purchase real estate for the requirements of its own offices and as a guarantee for its credit operations.

Special provisions of the rules aim at securing the employment of the peasants for agricultural purposes.

The capital of the society will be formed by means of shares of 100 frs. value, subscribed by the members, reserve fund, and special funds for particular operations, obtained from special sources. No member may hold more than 50 shares. The profits shown on the annual balance sheet will be divided as follows: 20 % to the reserve fund; 20 % to the Board of Management; 10% to the employees of the Bank; 40% to the shareholders who shall receive a dividend of not more than 5% and the remaining 10% propaganda in behalf of agricultural progress.

(Summarised from the *Statute della Banca Agricola Toscana*, Florence, 1913).

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(a) PUBLICATIONS OF THE AGRICULTURAL ORGANIZATIONS:

LA NAZIONALE DELLE CO-OPERATIVE: (Resoconto del III. Congresso delle Cooperative Agricole (Affittanze collettive). Roma, 20-22 settembre 1912). *National League of Co-operative Societies: Report of the 3rd. Congress of Agricultural Co-operative Societies. (Collective Farms): Rome, September 20th.-22nd., 1912.* Como, A. Bari, 1913.

LA NAZIONALE DELLE COOPERATIVE: Resoconto del secondo congresso nazionale delle cooperative di produzione e lavoro: Bologna, 25 maggio 1913 (*National League of Co-operative Societies: Report of the Second National Congress of Co-operative Societies for Production and Labour: Bologna, May 25th., 1913*). Como. Tip. Coop. A. Bari, 1913.

LA NAZIONALE DELLE COOPERATIVE: Cinquecento Consigli legali per le Società cooperative (*National League of Co-operative Societies: Five Hundred Legal Opinions for the Co-operative Societies*). Monza. Coop. Operaia, 1913.

ASSOCIAZIONE ITALIANA DEI CONSORZI AGRARI IN PIACENZA: Necessità, scopi, vantaggi, costituzione, sviluppo e funzionamento dei consorzi agrari cooperativi. (*Italian Federation of Agricultural Consortiums in Piacenza. Necessities, Objects, Advantages, Constitution, Development and Working of the Co-operative Agricultural Consortiums*). Piacenza, V. Porta, 1913.

ASSOCIAZIONE SICILIANA DELLE COOPERATIVE: Per la redenzione del latifondo. Per la redenzione dei contadini (*Sicilian Federation of Co-operative Societies: The Purchase of Latifundia. The Redemption of the Peasants*). Girgenti, V. Sirchia, 1913.

ASSOCIAZIONE DELLE CANTINE SOCIALI DI STRADELLA: Relazione sul 4° esercizio. (*Federation of the Stradella Wine Societies. Report on the 4th. Working Year*). Stradella, Salvini, 1913.

SETTE ANONIMA COOPERATIVA PER LA STAGIONATURA E L'ASSAGGIO DELLE SETE ED AFFINI IN MILANO: Resoconto delle operazioni nel 1912. (*Limited Liability Co-operative Society for the Dyeing and Classification of Silks and their Derivatives in Milan: Report of the Business Operations in 1912*). Milan, "La Stampa Commerciale," 1913.

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(A) OTHER PUBLICATIONS:

BENDANDI (Dr. Nello): Per il trionfo della cooperazione agricola (*The Triumph of Agrarian Co-operation*). Borgo S. Donnino, Verderi, 1913.

DE CAROLIS (Carlo): Il riordinamento del Ministero d'Agricoltura e l'ispezione alle società commerciali e co-operative di credito in rapporto alle piccole cooperative agricole (*Reorganisation of the Department of Agriculture and the Inspection of the Commercial and Co-operative Credit Societies in relation to the Small Agricultural Co-operative Societies*). "La Cooperazione Rurale", Rome, no. 4. April, 1913.

DEL VECCHIO (Gustavo): La crisi della cooperazione integrale nel Reggiano (*The Crisis of Integral Co-operation in the Province of Reggio*). Extract from the "Nuova Antologia", Rome, no. 993. May 1st., 1913.

CARONCINI (Alberto): La Banca del Lavoro (*The Bank of Labour*). In "Rivista delle Società Commerciali", Rome, no. 7. August 20th., 1913.

PACI (Cottado): La cooperazione e la mutualità in zootecnica (*Co-operation and Mutual Aid in Livestock Improvement*). Fermo. Stab. Tip. Coop. 1913.

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VITTORANGELI (R. and V. Sanì): Lo stato della co-operazione casearia nella provincia di Reggio Emilia. (*The State of Dairy Co-operation in the Province of Reggio Emilia*). Reggio Emilia. Coop. Lavoranti, 1913.

ATTI DEL PRIMO CONVEGNO DELLE COOPERATIVE AGRARIE DELLA PROVINCIA DI CAGLIARI (*Acts of the First Assembly of the Agricultural Co-operative Societies of the Province of Cagliari*). Cagliari. April 9th-10th., 1913. Cagliari. P. Valdés.

Part II: Insurance

AGRICULTURAL INSURANCE, LEGISLATION IN VARIOUS COUNTRIES. THE CHIEF LEGISLATIVE PROVISIONS AND THE MOST RECENT STATISTICAL DATA.

PART I.

LEGISLATION ON SICKNESS INSURANCE.

We have already given an outline of the legislation in regard to social and agricultural insurance in the various States in the number of this Bulletin for January, 1911. In the following pages we shall complete the summary we made at that date, making clear the general principles of the laws promulgated on the subject and we shall avail ourselves for the purpose of the statistical researches carried out in the last two years by the Government of the States adhering to the International Institute of Agriculture. In the first part of our article we shall deal with social insurance, and especially with the most important forms of sickness, accident, disablement and life insurance. We shall endeavour to bring into greater relief the rules which are especially relating to agriculture. In the second part we shall give a summary of the present state of strictly speaking, agricultural, insurance, that is to say of livestock and hail insurance, insurance of farm buildings against fire etc.

Finally, we shall indicate the international conventions and agreements entered into by the various States for the organisation of institutes of social and private insurance on uniform principles. We shall show the legislation in force and the most recent statistical data in the case of each branch of insurance for the various countries in the order adopted in this Bulletin (alphabetical order of their names in French).

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Germany. — For details of the laws on sickness insurance in Germany, especially in the case of agricultural labourers, we refer our readers to the art-

icle published by Dr. Stier Somlo of Cologne, in the Bulletin of Economic and Social Intelligence, 7th number of this year. There will be found in interesting comparisons instituted between the legal condition of the insured agricultural labourers and industrial workmen.

Sickness insurance has recently been regulated and reorganised in the Imperial Insurance Order (*Reichsversicherungsordnung*) of July 1911. The portion of this Order relating to sickness insurance will come into force on January 1st., 1914.

The previous law of June 15th., 1883, completed by those of April 10th. 1892, June 30th., 1900 and May 25th., 1903, only made insurance compulsory for commercial and industrial labourers receiving wages of not more than 2,000 marks. It is different with the Imperial Order of 1911, which extends this insurance to all paid labourers and employees, including those working at home, in receipt of wages of more than 2,500 marks. Agricultural labourers are thus included by the Imperial Order in the group of persons for whom insurance is compulsory.

All those for whom insurance is not compulsory, workmen, employees, members of the family of those in charge of undertakings and managers of businesses on a small scale, provided their annual wages do not exceed 4,000 marks, have the right, to register themselves in the societies for compulsory insurance against sickness.

To prevent weak and sickly persons profiting by this right, the law provides that the rules of the sickness societies may make the right to such registration depend on the applicants' not having passed a certain age and on their presentation of a certificate of health signed by a doctor.

From date of January 1st., 1914, sickness insurance will be undertaken: (1) by the ordinary local sickness societies in the case of those for whom insurance is compulsory and who are not bound by law to register with one of the following societies; (2) by provincial sickness societies for labourers and employees engaged in agriculture, servants, persons engaged in industry without fixed residence, persons working at home and those employed by them; (3) by special sickness societies for the labourers engaged in a particular undertaking; (4) by sickness societies of professional corporations of arts and trades; (5) by mining sickness societies for persons employed in mines; (6) by mutual insurance societies founded by labourers with more than a thousand members.

By law of 1911 an attempt was made to introduce a uniform system for these societies, starting with the idea that those with the largest number of members would be able to give the amplest financial security and give insured the best attention when sick. In 1910 there were in Germany 23,000 societies with 14,000,000 insured members, whilst after the coming into force of the insurance order, it is calculated there will only be 10,000 societies with about 20,000,000 members. When the number of societies decreases, it will be easier for the administrative authorities to supervise them as well as to revise their rules and introduce a uniform system of working. The two principal types of societies will be local and provincial.

The law regulates the management of these societies by means of detailed provisions. It will be enough to remember here that in the case of the local societies independence is the rule. The intervention of the superior administrative authority is the exception, whilst the provincial societies have only a very limited independence.

The necessities of the societies are provided for by means of premiums, established by law, based on the ordinary wages, in the proportion of two thirds in the case of the employers and one third in that of the workmen. Those who do not belong to any of the classes of persons for whom insurance is compulsory must, when they insure themselves, pay the whole amount of the premium themselves. In case of disablement, the premiums are not to be paid while the patient is receiving assistance, while the policyholder is receiving weekly subsidies or again by women during their confinements. A remarkable provision in the law authorizes the societies to establish a scale of premiums due by members following their trade or profession, and to raise the amount paid by employers in case the risk of sickness is appreciably greater.

In 1908, the premiums paid by employers and workmen amounted to a total of 351 million marks, or on an average 26.6 marks per person insured. In 1910 the total was 397,500,000 marks or 28.3 marks per person insured.

The benefits rendered by the society to insured members are also established by the law. They may be distributed under the following heads (a) sickness assistance; (b) assistance to women in their confinements; (c) assistance in case of death.

(a) Assistance to the sick includes (1) treatment from the beginning of the sickness to the 26th week inclusive; by treatment is understood the doctors' visits and also remedies, bandages etc; (2) An allowance in money at the rate of 50 % of the average or daily wages; if the sickness produces disablement, the subsidy is paid from the fourth day of sickness and if the disablement declares itself later, the subsidy is paid from the date on which it declares itself. In both cases, the term of this benefit is limited to 26 weeks.

Instead of assistance to the sick under the form of home treatment and money allowance the society may allow medical attendance in a hospital when owing to the nature of the sickness it is not possible for the doctor to treat the patient at home or in case of contagious disease, or when the patient several times disregarded the prescriptions of the society or of the doctor, and also when the condition of the patient calls for constant supervision. Under these circumstances, it is not necessary for the society to obtain the consent of the patient before sending him to hospital, unless he is the head of a family or contributes to the support of a family. However, when the society is authorized to have the patient removed to the hospital, it may arrange for him to be kept at home and attended there by his wife or other persons specially entrusted with the care of the sick, if there are serious reasons for his remaining at home. If hospital assistance is ordered to an insured workman whose wages serve entirely or partially for the support of the members of his family, the society must pay the latter

a special subsidy called *Hausgeld*, equal to half the amount of the usual allowance in money.

The same period of 26 weeks is also prescribed in the case of benefits granted under the form of hospital treatment and subsidies to the members of the family.

(b) Assistance in confinement is granted to working women who have been insured against sickness for a period of at least six months in the preceding years. It consists of a money subsidy of an amount equal to that of the usual compensation and is granted for a maximum period of 8 weeks.

(c) Compensation, in case of death of the person insured, of an amount equal to 20 times the average or daily wages.

The rule of the societies may increase these benefits beyond what is laid down as usual in the law. They may, for example, prolong the term of assistance to the patient for a year, also provide assistance to convalescents, organise a service of attendance on women in their confinements, suppress the period of waiting, that is, grant compensation to the patient from the first day of his sickness etc.

In 1908 the allowances granted by the German sickness societies amounted altogether to 331,000,000 marks or on an average 38 marks per patient and 3 marks per day of sickness. In 1910, the total amount of these benefits was 357,400,000 marks or an average of 62.7 marks per patient and 3.2 marks per day of sickness. And it is calculated that with the coming into operation of the Imperial Order of 1910, as a result of the extension of compulsory insurance, the total expenditure of this institution will increase by about 60,000,000 marks a year.

In cases of litigation, generally the parties enjoy exemption from taxation. In case of disputes with regard to contributions or benefits the insurance office (1) decides in the first instance, the office, namely, in the district in which the party insured resided or was occupied at the date of bringing his action.

Appeal against the judgment of this office may be made to the superior insurance office. The decisions of the superior office can only be revised in special cases established by law. In such cases it is the Federal State Office that decides in the last instance. The new law attempts to reduce the formalities of the procedure to a minimum, to limit the number of appeals by rather encouraging settlements out of court, always offering to opposing parties the security of a decision publicly pronounced, after the sides have been heard, and establishing that the employers and the employees shall always be equally represented on the jury.

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2. *Austria*. — In Austria sickness insurance is regulated by law of March 30th., 1886, completed by a law of April 4th., 1889. Sickness insurance is compulsory for all who are obliged to insure against accidents, principally

(1) Cf. *Bulletin of Economic and Social Intelligence*, Nos. 8 and 9, 1911 "Social Insurance in Germany and the German Farmer".

industrial workmen and employees. Insurance is optional in the case of agricultural and forestry labourers and labourers working at home, that is to say, agricultural or forestry employers or the employers of those engaged in home industries, may, with the consent of their workmen, register them in the sickness societies. There are several forms of organization of sickness societies: (1) district societies for those for whom insurance is compulsory and who are not registered with any of the following societies; (2) special societies for workmen in a special business; for the society to be formed the business must employ at least 100 workmen; (3) special societies for builders' workmen; (4) societies of the corporations of arts and trades, regulated by special provisions of the Order on Industries; (5) mining societies, for miners, regulated by the special provisions of the law of July 28th., 1889 on mines; (6) mutual aid societies, which, to enjoy the advantages of the law on insurance, must be "registered" in conformity with the law of July 16th., 1892. All these institutes are under State supervision.

According to statistics of 1907, there were about 157 mining societies and 2,897 otherwise organised. There were in all 3,040,000 persons insured. According to the statistics of 1909, there were about 140 mining societies, 47 other societies and in all 3,340,000 insured. In the bill for the Reform of Social Insurance now before Parliament, sickness insurance is made compulsory for all workmen whose annual wages are less than 3,600 crowns, whilst to-day the annual wage beyond which insurance is not compulsory for industrial workmen is 2,359 crowns. Agricultural and forestry labourers are registered in the special district societies, provided there be a certain number of them insured.

The requirements of the society are supplied by means of premiums paid on the wages and paid by the employers and labourers respectively in the proportion of $\frac{2}{3}$ and $\frac{1}{3}$. In 1907 the total amount of the premiums was about 64,000,000 crowns or on an average 21.28 crowns per workman insured. In 1909 the amount was about 75,000,000 crowns, or on an average 22.57 per workman insured.

The benefits of the sickness insurance societies consist in assistance to the sick and a money allowance at the rate of 60 % of the average daily wages paid in the district, for a term of 20 weeks. The assistance and allowance are granted from the fourth day of sickness. Instead of assistance to the sick and the allowance in money, the society may offer its sick members hospital treatment, while guaranteeing the members of their families a subsidy equal to half the usual allowance, always for the term of 20 weeks. Women in their confinements receive an allowance in money for a term of 4 weeks. In case of death of members insured, the society must pay the burial expenses and guarantee the survivors a subsidy equal to 20 times the average daily wages in the locality.

The rules of the societies may provide benefits superior to the minimum laid down in the law as we shall now show.

In 1907, the allowances paid by the Austrian sickness societies amounted to a total of about 57,000,000 crowns, or 28.60 crowns per patient and

1.92 crowns per day of sickness. In 1909, the allowances amounted to about 66,000,000 crowns, or an average of 36.31 crowns per patient and 2.13 crowns per day of sickness.

Disputes that may arise in connection with the working of the insurance societies are settled by special arbitration courts. The parties to these suits are generally exempted from payment of taxes.

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3. *Hungary.* — Sickness insurance is regulated by the article of the law XIX of 1907 making insurance compulsory for industrial workmen and employees receiving annual wages of less than 2,400 crowns. Agriculture labourers and those engaged in home industries may ensure themselves by registering with the sickness societies recognised by the law.

There are local, district and provincial sickness societies. In 1909 there were 182 of them with about 900,000 members.

The premiums are paid partly by the employers and partly by the workmen. They range from 2 to 4 % of the average wages up to a maximum of 8 crowns. They may be more or less high, according to the risks of the industry and the profession of the workman insured. In 1908 these premiums amounted to about 18,000,000 crowns or an average of 22.57 crowns per person insured. In 1909, they amounted to about 19,000,000 cr. or an average of 21 cr. 16 per person insured.

The benefits of the sickness societies must include assistance to the sick and the grant of a subsidy in money for a term of 20 weeks. The allowance is granted from the third day of sickness and, in case of disablement from the first day. The amount is equal to half the daily wages, on the basis of which the premiums are calculated. The allowance to women in their confinements is calculated on the same amount: it is granted for six weeks.

The members of the family of the sick member of the society, if indigent, have also a right to medical assistance, but not to a money allowance.

In case the insured person dies, the subsidy of the survivors is 20 times the average daily wages.

The rules of the societies may provide more extensive benefits than the minimum laid down by law, and we shall now indicate them. Thus, for example, they may extend the period of medical assistance to one year, increase the money allowance up to 75 % of the wages etc. In 1908 the allowances paid by the Hungarian societies amounted to a total sum of about 15,000,000 crowns, or an average of 42.58 crowns per patient, and 3.06 crowns per day of sickness. In 1909, the total amount was 17,000,000 crowns or an average of 52.04 crs. and 3.09 crs. respectively.

As a rule, in law suits in connection with insurance, the parties have no taxes to pay. There is a special court for these cases and the employers and employed are equally represented on the jury.

(To be continued).

THE ITALIAN-GERMAN CONVENTION, JULY 31st., 1912-
MARCH 25th., 1913

by PROF. GIUSEPPE CANDIDO NOARO.

§ I FUNDAMENTAL CONDITIONS FOR A NEW INTERNATIONAL LAW
ON SOCIAL THRIFT.

As long as the insurance of workmen as established in the various countries by law remains optional and voluntary, there is no need of international conventions, since, as this kind of thrift is optional, no compulsory contributions are required from the foreign workmen. Similarly, there is no need for international contracts when the provision made for the labouring classes, as in the Australian colonies and in Great Britain, takes the form of *state pensions*, paid out of the public funds and exclusively reserved for poor and deserving citizens, without any contribution being exacted from citizens or foreigners. Finally, it is difficult to make international agreements among States in which voluntary thrift is subsidised out of the funds of public institutions.

The necessity of accurately establishing the new relations between public and private international law is, on the other hand, apparent when workmen's insurance becomes compulsory, if, while contribution is made compulsory also for strangers, they do not receive perfectly equal treatment to those born in the land.

The earliest laws on the compulsory insurance of workmen did not usually contain regulations establishing differences in the case of foreigners, thus enjoyed the same rights as the rest. But this liberal tendency, which it would have been desirable to see prevailing throughout the whole of modern legislation in behalf of the working classes, and which would have obviated the necessity of a conventional regime between the various countries, has been changed in those very countries, one after the other, in which the new legislation on thrift has had the greatest development, although this was contrary to the resolutions passed and the principles laid down in numerous international congresses on thrift, at which not only lawyers but also members of the Governments intervened. However, when the tendency towards legal differential treatment of foreigners manifested itself, it was necessary to seek out a method for equalising their position, to open the way to national rights also for foreign workmen, which was attempted on the fundamental condition of reciprocity of treatment.

The forms of reciprocity up to the present thought of are essentially two: *legal* and *economic reciprocity*.

The principle of legal reciprocity is well known. By means of it a stranger receives equality of treatment by law, when in the country which he belongs there is a similar law applicable, without special limitations, to the citizens of the other country. It is not necessary that the economic effects of the two laws should balance each other. It is enough that there should be equality of rights for citizens and foreigners. In some countries this equality must first be recognised by treaty; in others the recognition of the political authorities of the State requesting it suffice; others, finally, leave it to the their own magistrates to deal with it.

The situation is not equally simple when the laws demand that a condition of reciprocity which takes the form of a more or less rigorous *equality of treatment* from the economic point of view and may be called *elliptic economic reciprocity*. The laws of the contracting countries must then correspond with each other in their economic effects and more precisely with regard to the benefits, the compensations, and pensions assigned to the workers insured. And a *specific* equality may be required in each branch of social insurance or a *generic* equality, so that the advantages granted by a State in a certain branch of insurance may serve to obtain from the other State advantages or compensations in a different department. In any case a technical opinion is necessary for an even approximate estimation of the two legal systems, and the conclusion of agreements with regard to new relations of private law and sometimes the creation of special institutes of public law are rendered necessary.

§ 2. SPECIAL CONDITIONS FOR GERMANY AND ITALY.

The German Imperial Workmen's Insurance Code (*Reichsversicherungsordnung* — *R. V. O.*) contains a provision facilitating to a remarkable degree the conclusion of international agreements, even with countries the laws of which differ essentially from those of Germany. Paragraph 13 of the *R. V. O.* gives the Imperial Chancellor power, with the consent of the Bundesrat, to conclude international conventions with regard to workmen's insurance, on condition of obtaining benefits corresponding to those afforded by the German law (*entsprechende Gegenleistungen*), eventually modifying the provisions of the law itself.

The *R. V. O.*, in the various books into which it is divided, each dealing with a special branch of insurance, contains provisions affecting foreigners directly and others again affecting them indirectly. The first, *territorial* and general, the others *differential* or specially for foreigners; the first define the rights of the insured, whether Germans or foreigners only as resident abroad, the others explicitly define the rights of foreigners as such. Often, however, the *R. V. O.* consents to the differential provisions being suspended by the Bundesrat as far as regards some spe-

labouring country or those foreign States by the laws of which Germans accorded treatment similar to that the German law gives foreigners, opening the way to international conventions in connection with workmen's insurance.

In Italy, the Decree no. 1,067, of July 6th., 1912, afterwards converted law of June 19th., 1913, while it gives the Government power to arrange international agreements in regard to social insurance on the basis of corresponding treatment, authorizes it to agree to the registration of foreigners in the National Thrift Society for Workmen's Disablement and Old Age, and in the other Thrift Institutes founded by law, on conditions to be settled later. In this way, from the international point of view, amendments have been introduced into the law no. 376, of May 30th., 1907, on the National Thrift Bank, which expressly forbids the registration of foreigners, the law no. 3,760, of July 28th., 1861, on mercantile marine disablement societies, the principles of which have been reaffirmed in the recent law no. 767 June 22nd., 1913, laying down uniform regulations for the sickness societies. The law of July 28th., 1861 subjected foreign sailors to the same conditions as Italians, whilst refusing them any allowance or subsidy, whether ordinary or extraordinary, and only allowed the payment in their behalf a small sum, once for all in case of shipwreck and loss of kit, as compensation for the material loss.

In accordance with the Decree of July 6th., 1912, the above law of June 19th., 1913 contains the following provisions in its article 53:

"Foreign seamen included, in accordance with the law, among the crew of Italian merchant vessels, may receive permanent or special subsidies from the sickness society, when, in accordance with international conventions based on the principle of reciprocity, the same right is enjoyed by Italian seamen belonging to the crew of foreign merchant ships."

NEGOTIATIONS BETWEEN ITALY AND GERMANY FOR THE ESTABLISHMENT OF A SYSTEM OF WORKMEN'S INSURANCE.

Germany is the foreign country with which Italy has entered into the most important negotiations in connection with workmen's insurance and the result was the convention of July 31st., 1912. At the end of 1898, when Italy also had passed a law for the compulsory insurance of workmen against accidents, negotiations were entered into with the German Government for the improvement of the conditions of Italians, victims of accidents in Germany and their heirs, to whom the following differential clauses applied:

"The heirs of a foreigner, who at the time of the accident had not his habitual domicile in the State, have no right to pension."

"The foreigner, receiving a pension as incapacitated for work, loses his right thereto for the period during which he has not his ordinary domicile in the Empire."

"In case the foreigner entitled to compensation establishes his domicile outside of the territory of the Empire, payment may be made to him of three times the annual amount due to him in a lump sum in satisfaction of all his claims."

As by the Italian law, no. 80 of March 17th., 1898, the position of foreigners was assimilated to that of Italians, the negotiations with the German Government were entered into with the object of securing that, in amendment of the German laws, then under study, provision should be made for equal treatment of foreign and German citizens, at least where there was entire or partial reciprocity. And this object was realised, as German law of July 5th., 1900, while it reaffirmed almost in their entirety differential clauses of the laws previously in force in the Empire, permitted their suspension, by a vote of the Bundesrat, in the case of special districts bordering upon the Empire, or of those foreign States the laws of which granted German workmen, victims of accidents in their work, corresponding treatment.

This clause opened the way to long and difficult negotiations, and finally, in 1901, the Bundesrat declared the differential clauses with regard to the suspension of pension and the exclusion from right of pension contained in the law of July 5th., 1900 inapplicable to Italians.

In 1909, a preliminary proposal was put forward for the general recognition of workmen's insurance, and the Italian Government entered into new negotiations with the Imperial Government, to obtain for the Italian workmen resident in Germany a larger legal share in the rights and benefits of social insurance. And in 1910 a conference was held in Berlin to examine all the problems in connection with workmen's insurance as far as the two countries were concerned and, although a precise agreement was not come to on every point, a preliminary draught of a convention was prepared, which, after the approval of the new Imperial Labour Insurance Code on July 19th., 1911, became the starting point for negotiations entered into later at the Conference of Rome (May-June, 1911) at which the final text of the Convention was drafted, which was signed at Berlin on July 31st., 1912, and ratified by both parties on March 25th., 1913, and the provisions of which came into force on April 1st., 1913.

§ 4. PROVISIONS OF THE ITALIAN-GERMAN CONVENTION.

The Italian-German Convention in regard to workmen's insurance, consists of 25 articles, divided under the following heads: I. Accident Insurance; II. Disablement, Old Age and Survivors' Insurance; III. General Provision; IV. Final Provisions. It does not deal explicitly with sickness insurance, which therefore the legal regime established for foreigners by the law of the two States remains in force in each. It will be well to examine this regime before we give the provisions of the new Italian-German convention so that we may understand in its entirety the situation of the Italian workmen in Germany and of the Germans in Italy.

1. *Sickness Insurance.* — The provisions we shall summarize contained in the §§ 214 and 216 of the *R. V. O.* apply to the Empire. The right to receive sick pay for three weeks in case of unemployment is lost when the employed labourer resides outside the Empire. The assistance granted to the sick is, in the case of those entitled to it who, after the conditions for unemployment have been satisfied, voluntarily leave the country, without the consent of the management of the sickness society, suspended for the whole period they remain abroad. This clause may be suspended by the Bundesrat only in the case of certain districts on the confines of Germany.

It is §§ 216 and 218 that are concerned with differential treatment. In them it is laid down that the right to assistance in sickness and in the confinements of women is lost by foreigners expelled from the territory of the Empire, by sentence of the Courts, for the period of such expulsion, from the territory of a confederated State until such time as they take up their residence in another confederated State. However, in these cases, the assistance granted to relations continues unreduced, provided they remain resident in the Empire.

The Italian law, no. 520 of July 17th., 1910 on the National Maternity Society, grants foreign female workers, in cases of childbirth and miscarriage the same assistance as Italians, except in the case of miscarriage occurring abroad, on account of the difficulty of proof. In accordance with article 537 of the Commercial Code, the allowances and treatment of the crew on board ship are a charge against the ship itself. There are no other provisions in Italy on workmen's sickness insurance.

2. *Accident Insurance.* — The German law on accident insurance contains provisions similar to those above given relating to sickness insurance, as far as concerns German citizens. As regards the differential clauses, the Italian-German Convention of July 31st., 1912, in its first article, declares (1) that as regards the benefits insured by the German insurance laws against accidents in industry and at sea and by the Italian accident insurance laws, each of the contracting parties grants the other's citizens and their survivors the same treatment as their own enjoy, and declares that, in the case of agricultural workmen's insurance in Italy, this only applies when the workmen have to be insured against accidents in accordance with the law of January 31st., 1904 in force. The clause therefore applies only to workmen engaged in industry and sailors and to those agricultural labourers for whom insurance is compulsory under the Italian law, or more precisely those engaged in drainage works, in repairing damage caused by landslips and the systematisation of mountain basins, in cutting or thinning woods, or working with agricultural machinery or cannons employed against hail.

These provisions suspend, in the case of Italians, the effect of the differential clauses §§ 596, 615, 1,908 and 1,116 of the *R. V. O.* by virtue of

(1) This declaration was not required for the case of Germans working in Italy, because the Italian law, no 51, of January 31st., 1904 (final text), like its predecessor, no. 80, of March 1898, contains no differential clauses for the case of foreigners.

which the following would have no right to allowance in case of accident
 1. heirs of Italians, who, at the time of the accident, had not their habitual residence in the Empire; 2. Italians voluntarily resident abroad as long as they remain abroad; 3. those that remain outside the territory of the Empire, because expelled by order of the courts, whether expelled from the Empire or from one of the federated States.

However, the German Government, while affirming the principle of equal treatment, decided not to renounce, in favour of the Italians, the right the *R. V. O.* confers on the insurance institutes, to satisfy the claims of foreigners finally returning to their country, by means of a single payment of three annuities, if they agree, or an amount corresponding with their capitalized income, if they refuse. The equal treatment allowed by art. 22, may, by means of a compromise clause in art. 22. of the Convention, be further extended to those agricultural labourers to whom it is not granted, as soon as Italy has a system of insurance that the parties recognize as equivalent to the German system of insurance against agricultural accidents.

3. *Disablement, Old Age and Survivors' Insurance.* — In this case also the *R. V. O.* contains differential clauses applicable to foreigners in arts. §§ 1, 268, 1,313, 1,316 and 1,317.

The survivors of a foreigner, who, at date of his death have not their habitual residence in the Empire, have a right to half the ordinary benefits, except the additional allowance from the Empire.

The allowance is suspended for the period during which the foreigner remains outside the limits of the Empire on account of his expulsion by order of the courts, whether expelled from the Empire or from a federated State. The Bundesrat may suspend this clause in the case of adjacent States and of citizens of those States the laws of which grant Germans and their heirs equivalent advantages.

Finally, foreigners resident habitually and voluntarily abroad (or who have left the Empire in accordance with an order of the German authorities), may be compensated once for all by the payment of an amount equal to three times the amount of the annual allowance, and equal to one and a half times the amount in the case of orphans, without the Bundesrat having power to modify the provision.

The character of these provisions is such that perhaps extremely little could have been obtained, on such a basis, by means of a convention. The Italian negotiators at the Convention therefore aimed at facilitating the return of their compatriots to their country, at any time and however long they had been registered with the German societies, ensuring the security of the payments made by them to the German insurance institutes. The best solution was that the German Insurance Institutes should hand over to the Italian Institutes the contributions paid in Germany by the Italian labourers. And the German delegates agreed, on the condition, however, that the Italians should be registered or register themselves when asking for transfer of the funds in the Italian National Thrift Society or any other competent Italian Institute, since, as in Italy insurance is optional, the

required that the Italian workmen should make a positive voluntary act in Germany, as the German has to do in Italy, so as to prevent the money passing automatically to the benefit of all the Italians working in Germany.

Finally, for the Italians working in Germany, their compulsory military service in Italy is counted equivalent to the military service of Germans in Germany, as regards the maintenance of their rights to the benefits of the German disablement and survivors' (*Anwartschaft*) insurance.

The Convention allows the German citizens to register in the National Thrift Society on the same conditions and with the same results as the Italians, in the list of reserved premiums, and with right of the German citizen and his heirs to the restitution of the amounts paid when he leaves Italy, or dies before he has right to the pension. These large concessions to foreigners were first made possible by the law No. 1,067, of July 6th., 1912.

German sailors on Italian ships have been granted the same allowances as the societies for the insurance of sailors on merchant ships against disablement grant Italians.

Since, however, the differential clauses in the German law in respect of disablement, old age and survivors' insurance remain in force for the Italians who do not request to pass over to the national societies, art. 10 of the Convention, with the object of establishing a perfect legal equality between the two countries, formulates differential clauses applicable to the Germans registered with the Italian societies. The allowance due to them is suspended for the whole of their voluntary and habitual residence outside of the limits of the Kingdom of Italy and all claims may be satisfied once for all by payment of three times the amount of the annuity. In the case of a German expelled from Italian territory, the annuity is suspended for the period of the expulsion. In other cases of removal from the Kingdom specified in the convention, the special society may compensate the German once for all by payment of an amount equal to three times the annuity.

4. *Compromise Clauses.* — The above are the essential provisions of the Convention, to which may be added some clauses by way of compromise anticipating further improvements in it. Thus we have already referred to the article 22, which provides for a further equalisation of insurance against agricultural accidents, when Italy adopts a system of insurance recognised as equivalent to the German system. More generally, art. 23 provides for a further equalising of the rights of the respective citizens in relation to disablement, old age and survivors' insurance, as soon as a system of such insurance recognised as equivalent to that of Germany is adopted in Italy.

Finally, provision is made for a further exchange of views to determine how the workmen's insurance societies of the countries are to make payment to those resident in other countries.

§ 5. HOW THE CONVENTION WORKS.

From this short account of the fundamental legal principles of the Convention, we see that two branches of workmen's insurance are affected

by it, clearly distinguished from each other, both as to the risk insured against and the institutes entrusted with the work, namely accident insurance, and disablement, old age and survivors' insurance.

For both branches the Convention has laid down general rules in order that the competent authorities in each country may facilitate in that country the working of the convention for the authorities of the other country and that the exemptions from taxation, the rights and other facilities granted to their own citizens by each of the two States may be enjoyed also within its territory by the citizens of the other State.

The Italian Government, moreover, undertakes to forward to the German Government a list of names of doctors and of hospitals specially indicated for the treatment and examinations to be conducted in Italy for the purposes of German workmen's insurance, and to arrange that the costs of treatment and examination may be kept low.

A special procedure has been instituted for the work of the German accident insurance offices in connection with Italians working in Germany and for the disablement, old age and survivors' insurance, in the case of those only who have not asked for the transfer of their contributions to the Italian insurance institutes. The conclusions of the accident enquiries regarding Italians in Germany will be immediately communicated to the Italian consul of the place, who must consult all the documents relating to the matter, as also those relating to disablement and survivors' allowances; and, if it is necessary to make enquiries in Italy, the German Insurance Institutes may apply to the consulates, which will conduct them without other expense than that for medical examinations. Notifications to be made to Italians in Italy with regard to the expiration of terms must be made through the Consulates which may also be charged to forward other notices not referring to the above matter. The Italian Government undertakes to organize a similar service if the German Government will grant the help of its consuls.

The Italian Government early made provision for the carrying out of the Convention.

The Minister of Agriculture, Industry and Commerce together with the Minister of Foreign Affairs, appointed a special commission, which met in Rome, in December, 1912, for the purpose of suggesting means for carrying out the Convention. As a result of the proposals made by the Commission, by circular despatch of March 18th, 1913, the Foreign Affairs Office notified the Italian Consuls in Germany that, for the control of the social insurance service, in application of the Convention, three special sectional offices have been formed at the Royal Consulates of Berlin, Cologne and Munich, to deal with everything relating to the service itself, either directly with the German authorities and the insurance consortiums or through the consulates in the different sectional offices. The sectional districts were formed by the union of several consular districts as follows:—

1st. section: Berlin, Hamburg, Breslau, Dantzig, Dresden, Kiel, Königsberg, Leipzig, Stettin.

2nd. section: Cologne, Dortmund, Frankfort, Düsseldorf, Mannheim, Saarbrück.

3rd. section: Munich, Stuttgart, Nuremberg.

Together with the introduction of the direct intervention of the National Workmen's Disablement and Old Age Insurance Society, there has been started in Berlin (*Schöneberger Ufer*, 34) an *Italian Insurance Committee*, for purposes of propaganda, to act as a subordinate office of the Insurance Society, for Germany. It allows Italian workmen in Germany who ask to be registered with the society a franc a piece so that their registration may not cost them anything.

The Post and Telegraph Department, in clause no. 208, published in the Bulletin no. 12. of April 21st., 1913, notified the post offices that German citizens might, according to the convention, register themselves with the National Insurance Society and instructed them to accept their applications and contributions on the same conditions as those of Italian citizens.

Finally, the Department of Marine, just before the Convention came into force, instructed the port captains and societies for insurance of sailors on merchant vessels against disablement to take account of the rights German sailors sailing under the Italian flag acquire by virtue of the Convention. On the Italian ships' rolls must be extracted for entrance in a special register the names of any of German nationality who may be included in the roll, with the usual indications, the voyages made by them since the coming into force of the convention, their rank and the premiums paid for them to the Disablement Insurance Society.

Germany published the conditions of the contributions from the German to the Italian Institutes, by Notice in no. 4 (April 15th., 1913) of the "*Andenken Nachrichten des Reichsversicherungsamt*", indicating to whom the applications must be presented, what documents must be furnished, and how social disablement papers (*Quittungskarten*) are to be consigned to the Italians desiring the transfer.

The amounts, to the account of the Italians who have made applications, are transferred every two years.

* *

In this way the necessary Italian and German institutions intended to give effect to the Italian-German Convention have been founded or completed.

The time elapsed since the Convention came into force is too short to allow of our speaking of the results obtained. It may, however, be affirmed that, though susceptible of considerable improvements, it is a noble and valuable witness of international collaboration for purpose of social usefulness, the more valuable as being the first international document regulating most the entire subject of workmen's insurance, and sanctioning generous departures from the rigid differential regulations for foreigners in the two countries.

AUSTRIA.

WORK OF THE GERMAN SECTION OF THE LANDESKUN- TURAT OF THE KINGDOM OF BOHEMIA IN THE DE- PARTMENT OF LIVESTOCK INSURANCE

by HERMANN KALLBRUNNER, Vienna.

As a result of the substitution of the use of money for barter, well as the increased price of money, the need for insurance against kinds of risks has increased.

A hundred years ago there were only a few fire insurance associations which developed but slowly. The need of insurance was very limited; if there were fires, timber was obtained from the forest, the neighbours supplied what else was necessary, and the disaster was soon repaired by the common labour. If cattle were lost by accident, the owner waited a year or two, to substitute the loss by animals of a new generation. Charity, mutual aid, other special characteristics of the "good old time", the impossibility of obtaining the money necessary for premiums, all these things hindered the constitution and advance of more or less important systems of insurance.

When later on people found themselves obliged to buy timber and pay the masons and carpenters higher wages and they could not any longer count on the assistance of their neighbours who, by force of circumstance, had to devote themselves entirely to their own business, the fire insurance societies assumed more considerable importance. Small associations were replaced by more important institutions, better adapted, by their organization and their more extended field of action, to meet the requirements of the situation.

When the price of livestock, and still more of meat and milk, rose, when livestock improvement became more difficult and the breeding and keeping of livestock, for economic reasons, frequently formed two separate branches of the industry, also livestock insurance was instituted. This insurance was at first limited to small districts. As the value of horses is relatively high and they are frequently exposed to serious disease, with often fatal results and as the produce from the eventual sale of their meat and skin is insignificant, first of all horse insurance institutions were founded, and those for the insurance of horned cattle later; in Germany, Switzerland and France there were also organizations for goat, pig, dog and beekeeping insurance.

The small insurance associations suffered considerably because, their insurance business being limited to small districts, there were appreciable differences in the distribution of the risks and disasters from one year to another. If epidemic disease carried off at one time several head of livestock, the association was threatened with ruin; it was necessary for the members to pay high premiums in order to form reserve funds to meet disasters. To prevent the agitation such special premiums excited among the owners of livestock and to place the associations in a position to develop as far as possible after a regular fashion, it was decided generally not to undertake the risk of epidemic livestock diseases. This was a high price to pay for the regularity of insurance: in case of epidemic diseases, where the insurance societies should have been of greatest use, they were of no use at all.

There were, besides, frequent disputes in the associations; the premium rates, fixed in most cases by verbal agreement, gave rise to misunderstandings, the poorer members were virtually reduced to a state of subjection and the association became a docile instrument of this or that dominant local party.

To remedy these evils and to give insurance an organization answering to the requirements of the population, the administrative institutions for the encouragement of the economic progress of the country began to interest themselves in livestock insurance.

The large insurance establishments thus founded are characterized by the fact that they in no way aim at making profits. In contrast to what is observed in other branches of insurance, livestock insurance is in most cases not very lucrative, and the risk is only undertaken by a small number of private companies working generally within restricted limits.

A remarkable circumstance deserves mention. There are more horned cattle than horse insurance societies. This is due, apparently, to a fact which would seem to contradict what has been said above, namely, it appears that the owners of horses, being wealthy persons, suffer less from possible losses than owners of horned cattle, who are often poor (cattle farmers), so that there is less demand for horse than for horned cattle insurance.

Provincial livestock insurance in certain of the Provinces is so organized that there are various insurance establishments in the chief town and in them the various, more or less autonomous, associations of the different inhabited centres and communes are united.

These latter associations fix uniform premiums and partly cover themselves by reinsuring with the insurance establishment of the chief town of the Provinces. Generally, the latter receives 50 % of the premiums and pays 50 % of the claims; in Lower Austria, however, only 40 % in each case.

The most ancient and most important insurance establishment in Austria is, as the following table shows, the Lower Austrian Provincial Horned Cattle Insurance Establishment at Vienna; like the similar establishments in Upper Austria, Moravia and, since 1912, Carinthia, this of Lower Austria insures horses. In the number of horned cattle it insures, the Lower

Austrian establishment, as far as the author of the present study knows only yields to the Bavarian insurance institution, the figures for the business of which are also reproduced in the following table.

According to the last annual report of the Vienna Chamber of Commerce and Industry, the total business done by the insurance institution was as follows:

Provincial Insurance Institutions	Year of Foundation	Number of Head of Horned Cattle Insured in 1911	Number of Head of Horned Cattle in the Whole Country	% (1)
Upper Austria	1902/1903	11,985	552,877	2.17
Carinthia	1899/1900	23,677	222,383	10.65
Moravia	1900/1901	75,108	801,367	9.37
Tyrol	1907/1908	51,838	412,667	12.56
Lower Austria	1898/1899	146,601	609,509	24.05
Bavaria	1896/1897	294,246	3,492,463	8.43

(1) Proportion per cent of the number of horned cattle insured to the total number in the country.

All these insurance institutions are largely subventioned by the provincial administration and the State, so as to allow of their reducing their premiums as far as possible, in order to reduce the expenses of the policyholder and facilitate the formation of reserve funds to meet possible losses in specially unfavourable years.

Another system, rather similar to some extent to that in use in the Tyrol, has been adopted by the German section of the Bohemian Landes-kulturrat in organizing horned cattle insurance. It leaves the existing associations for insurance against compulsory slaughter of horned cattle as they were; but, instead, it is organizing new associations to meet the requirements of the law, fixing the premiums and favouring the development of these associations by means of an insurance institute expressly founded by it. In order as far as possible to counterbalance eventual fluctuations in the business from year to year and to compel the association to a certain moderation in regard to their finances, the German section of the Landeskulturrat has instituted a premium clearing house.

Up to the present there have existed in many German Bohemian communes associations for insurance against compulsory slaughter of horned cattle, based on verbal agreements. If an animal were lost by death, or by compulsory slaughter, in most of the communes, the association bought the carcass either at a price a little below that of the market, or at one fixed in advance, and then sold the meat and the hide as well as they could. The members of the community received the difference between the amount of the claim paid and the produce of the sale; the contribution each had to pay was in proportion to the number of head of cattle he owned.

Of course, this primitive method of insurance hardly answered the requirements of those concerned; misunderstandings and disputes were frequent and to settle them often the principle of might is right was applied to.

The insurance institution of the German section of the *Landeskulturrat* undertaken to remedy these defects by the drafting of rules, the principal of which we shall give below.

The horned cattle insurance association is organized in conformity with law on associations. It is under the control of the Imperial and Royal *Landeskulturrat* gives it a grant of 100 crowns and provides it with the necessary printed matter, free of charge; in addition, it places at the disposal of those concerned an officer to serve as counsellor, who attends the constituent meeting and advises the association when necessary.

At the head of the association is a presidential bureau elected at the general meeting. This office is composed of a president, a vice president, a clerk, a book-keeper and, finally of a certain number of confidential agents (from three to six, according to the importance of the association). The salaries of all these officers are given gratuitously. The association, however, refunds the expenses of the bureau. Three confidential agents are entrusted with the examination and valuation of the livestock to be insured. According as livestock improvement has attained a greater or less degree of development in a commune, the valuation is made from one to four times the year in order that the greatest possible accuracy may be attained. To prevent mistakes, the cattle insured are earmarked or branded on the horns. As a particular animal might have relatively a very high value, which in case of loss would be too high for the association to pay, for the eventual produce from the sale of its meat and hide would be insignificant, to avoid excessive losses due to such a case, a maximum rate of compensation has been fixed per head of cattle and the animal is insured at that rate. The maximum rate is not fixed in the ordinary table of premiums; the association fixes it as it judges fit. The insurance institution of the German section of the *Landeskulturrat*, recommends that the maximum be fixed at 600 crowns. The association must also determine at what age young cattle must be presented for insurance.

The insurance institution recommends that the minimum age be fixed between 3 and 12 months, according to the conditions in which the cattle are kept. The insurance institution bases this recommendation on the principle that in districts of livestock improvement insurance becomes necessary as soon as the animal attains the age of three months. Very probably all the insurance associations will insure horned cattle from the age of three months, whilst, in view of the high prices now paid for cattle at the age of three months young cattle have already considerable value, and deaths among them, although less frequent than among cows, are not rare, and as at that age they can neither be considered as calves nor as full grown cattle, the produce from the sale of the meat and hide in their case insignificant.

In the case of livestock insured for the first time, the insurance comes into force one or two weeks after valuation. (The livestock insurance institution of Lower Austria stipulated for a delay of 15 days, as a kind of quarantine). If the animal sickens within this period, the insurance on dates from the day the veterinary surgeon declares it cured.

The association fixes the premium rate in accordance with the experience of recent years. The premium must be calculated at a minimum permitting of the premiums of the year covering the annual average claims paid in the last five years.

As long as the reserve fund is less than 3 % of the value of all the insured livestock, the premium may not be less than 1 % of the estimated value. For cattle insured for the first time, $\frac{1}{2}$ % of the estimated value paid as registration fee; the amounts collected under this head are paid to the reserve fund.

In case of loss (death or compulsory slaughter), the three confidential agents prepare a report on the circumstances to which the loss is due, take the necessary steps to identify the animal insured, and make provision to sell the meat and hide as profitably as possible. The produce of this sale, after deduction of the expenses for slaughtering, transport, cutting up, etc., is received by the association. If it exceeds the amount of the claim to be paid, it is paid over to the owner; of course in that case he has no further claim.

The presidential office is assembled as a matter of urgency to decide the claim to be paid, in accordance with the information obtained.

In most cases the compensation paid is fixed at 80 % of the average value of the head, according to the last valuation. The insurance institution recommends the associations to arrange a scale of compensation to correspond with the produce of the sale of meat and hides. Thus, the compensation should not exceed 70 % of the estimated value if the net produce of the sale is less than 20 % of that value, 80 % if the produce is from $\frac{1}{8}$ to $\frac{1}{4}$ (25 % to 60 %) and 90 % when the produce is more than $\frac{3}{8}$ (60 % to 75 % of the value).

This scale of percentages of compensation corresponding with the produce of the sale is certainly very much to be recommended. As the owner suffering the loss has no share in the produce of this sale, which belongs entirely to the association, the latter is assured of a considerable refund which will be the greater when the sufferers see the amount of compensation they receive increasing in proportion to the produce of the sale that they have every interest in as much as possible being realised from this sale. The association, while it profits by these advantages, while the majority of cases, only have to pay 80 % as compensation, while in cases when 90 % is paid, it will be largely compensated by the increased produce of the sale of meat and hides, as well as when it is less than 70 % (1).

(1) Most of the provincial insurance institutions, on the contrary, leave the produce of the sale of the meat and hide to the owner and grant compensation the amount of which is increased in proportion to the increased produce of the sale.

The insurance institute also recommends the associations to fix a lower amount of compensation (70 %) in case of loss of cattle through fire or rough tympanitis due to feeding on standing clover.

Compensation is not paid for animals lost through epidemic cattle disease. For reasons given in the introduction to the present article, the stock insurance institutions, not being reinsured, could not undertake the risk of epidemic cattle disease. Certainly in this way the whole use of its insurance is very appreciably diminished: for what indeed is the use of an insurance system which ceases just at the moment when the stock farmers are suffering the most serious losses? (1). The compensation granted by the State, in case of epidemic disease being relatively insignificant, and only paid after a long interval, cannot in any way make up for the non-payment of claims in this case by the insurance institutions.

The veterinary surgeons are not called in for the verification of losses. They expressly draw attention to this, as it marks a difference between these and other insurance businesses. The losses are verified, as in the case of the stock insurance institution, by the presidential bureau of the association. The veterinary surgeon has only eventually to certify on the report whether the animal was or was not called in to treat the animal.

If there is a credit balance at the end of the year (the premiums collected and the produce of sales exceeding the total amount of claims paid), it is placed to the reserve fund.

If, on the contrary, the amount of claims paid exceeds the revenue, the balance is paid out of the reserve fund. If the latter is insufficient, the members are called upon to pay supplementary premiums to cover the deficit, within the fortnight.

An association that wishes to adhere to the premium clearing house must pay over to it one fifth of its collected premiums. The premium itself is fixed by common agreement from year to year in accordance with the results of the last five years.

All associations adhering to the premium clearing house use the same principle: retaining four fifths of the ordinary annual premiums and, if necessary, a reserve fund, for payment of claims. If there are, however, further payments to be made, the clearing house must provide; the association debited with the amount paid by the clearing house; eventual surplus amounts are, on the contrary, placed to the credit of the respective associations.

At the end of each five years, the results obtained are utilised to calculate the premium to be paid in the next five. If the payments made by the clearing house exceed those made to it by the association, the latter must pay a supplementary amount, in addition to the increased premium. This must be calculated in such a manner as to allow of the whole debt being paid off in five years.

(1) In the course of the year 1910-11, the Lower Austrian Provincial Insurance Institution compensated its policy holders for 825 head of cattle lost through epidemic disease.

If there is a surplus in favour of the association, the premium to be paid by it is reduced, so that the reduced receipts of the following five years may balance the excess payment for the five preceding years.

If a livestock insurance association suffers an extraordinary number of losses through no fault of its own and if it asks 1.5 % of the amount assured as premium, it may obtain a subvention of not more than 20 % of the entire premium. Half this subvention must be set apart for the formation of a new reserve fund, the other half is utilised to reduce the premiums.

Let us now compare the organization of these insurance associations with that of the local associations, in connection with the provincial insurance institutions.

The association can adapt itself very well to all local requirements so long as its sphere of action is limited; the provincial insurance societies on the other hand, having to make provision for insurance in the much larger district of a whole province, must of necessity overlook local peculiarities. On the other hand, the local association must put itself into direct business relations with the insurance institution of the chief town and the other local associations of the province, protect itself, by means of reinsurance, from the risk of its financial situation being shaken by excessive losses and make itself strong enough to undertake risks of epidemic cattle disease, and insurances of high value to the full extent of that value.

The economic importance of an insurance association, which is not in a position to undertake such risks is, comparatively, far inferior to that of associations in similar circumstances which are in a position to do so. The premium clearing house only facilitates the financial business of the association, but does not raise its economic value, so that it is scarcely possible to say beforehand whether it will be able to contribute effectually to the economic progress of the country. If the insurance institution of the German section which now only acts as adviser, also exercised an action to ensure the work of the associations, it would certainly serve to encourage the regular and continual progress. In our days it is to be feared that a change of the persons at the head of the associations will in its turn bring about a change of ideas, that political intrigue and party spirit will find their way into the associations and militate against the permanence of their decisions. It must also be considered as a defect in the premium clearing house system that the clearing house, unlike the provincial insurance institution, does not insist on the immediate contribution of supplementary premium to cover payments under the head of extraordinary losses in specially unfavourable years and arranges for payment of the debt in a series of years instead of settling it while the owners are still suffering from the loss.

In any case, the work of the insurance institution (*Versicherungsstelle*) of the German section of the *Landeskulturrat* is extremely interesting. In its organization of livestock insurance, it is pursuing an entirely new course and its work will certainly not fail to have its effect on other livestock insurance institutions. Perhaps the *Landeskulturrat* will succeed in the near future in still further improving the organization of the insurance associations.

s, which are working satisfactorily in accordance with the *ordinary* s which have been very well drawn up as far as other provisions are concerned, and establishing uniformity among them, by means of an effect-reinsurance system, so that they may be in a position to offer the farmer all the real advantages enumerated by Prof. Dr. Joseph Kovacs, on October 25th., 1912, at the second Congress of Hungarian Co-operative Societies, that is to say:

(1) Livestock insurance secures the welfare of the farmers and the preservation of capital invested in agriculture.

(2) It affords a safe guarantee of the preservation and increase of the capital represented by the value of the livestock, encourages livestock improvement and contributes to the improvement of the general situation.

(3) It secures the small farmer from debt and usury and consequently averts the danger of his material ruin.

(4) It ensures a permanent revenue, since in case of loss the farmer suffers no interruption, thanks to the receipt of the amount insured.

(5) It hinders the spread of contagious disease by obliging the farmer to pay constant attention to his livestock.

SWITZERLAND.

RULES AND REGULATIONS FOR THE INSURANCE OF BEE IN SWITZERLAND.

by H. L. LUBNERBERGER, *Manager of the Foul Brood
Insurance Department of the Association of the Friends of Bees in Switzerland.*

Foul brood is a disease produced by bacilli in the form of spores. The hives in which it makes its appearance are sooner or later completely destroyed. The disease is contagious and very easily spread from one hive to another. The infection is often spread by neighbouring swarms invading and robbing the hives enfeebled or destroyed by the disease. With the honey they take they carry the germs of foul brood to their own hives, which are thus infected with the same disease. Thus each diseased hive is a hot bed of infection and a serious danger for all the neighbouring hives within a radius of even more than two kilometres. It is therefore of the highest importance for beekeepers that the infected hives should be at once destroyed or disinfected. It has often happened that an epidemic of foul brood has completely put an end to beekeeping in entire regions.

The Swiss beekeepers, who saw with increasing anxiety the extension of so serious a disease, have been seeking a means for arresting its advance. The Association of the Friends of Bees (*Verein schweizerischer Bienenfreunde*) above all, has busied itself in the matter. To this association all the organized beekeepers of German Switzerland belong. It consists of 116 sections with more than 9,000 members, possessing, in round numbers, 120,000 hives.

In 1906 the presidential board of the association decided to combat the extension of foul brood by founding an insurance office and making foul brood insurance compulsory for all members. The proposed rules were submitted to the examination of the sections. They were approved in 1907 in a meeting of delegates, and thus this office began working on January 1st., 1908.

The intention was to attain two objects at once. On the one hand, it was desired to render it possible to detect existing centres of infection and destroy them; on the other, to provide for the realisation of what is generally the object of insurance, the compensation of the owners for a part of the loss caused by infection.

The foul brood insurance department, founded by the association is intimately associated with the organization of this insurance. However, it has independent officers and its own management. At its head there is an insur-

manager who arranges for the supervision, and, with the help of the cantonal council, for the financial business. He also instructs the officials to examine into the measures they adopt, the claims made by the insured members, and the various expenses incurred.

There are 22 cantonal inspectors dependent on the manager. They verify the cases of infection produced in the territory of their respective cantons, propose remedies, estimate the loss incurred and address a report to the manager on each case they discover the existence of.

Besides these inspectors there are heads of sections, delegates of the cantonal association, whose duty it is to investigate the sanitary conditions of the hives in the territory of their sections and to assist in extinguishing cases of fowl brood whenever they break out.

The rules for insurance, formulated in 1907, are as follows :

Rules of the Fowl Brood Insurance Department of the Federation of Friends of Bees in Switzerland.

§ 1. — The Insurance shall extend to all infectious diseases of bees known under the name of fowl brood. Insurance shall be compulsory for all members of societies affiliated to the above association. However, those entering the association after April 1st., shall not be admitted as members of the insurance department till the following year.

§ 2. — An insurance manager shall be elected by the Association of Friends of Bees in Switzerland, as responsible manager for the whole insurance business. He shall be a member of the Central Board.

§ 3. — The cantonal inspectors shall be dependent on the insurance manager. Each canton shall appoint one together with his deputy. The cantons of Zurich, Bern and the Grisons shall appoint two each.

§ 4. — The manager shall instruct the cantonal inspectors.

§ 5. — Each section shall appoint a delegate and his substitute. These delegates shall undertake missions entrusted to them by the cantonal inspector, and for the purpose they shall associate with themselves the persons of the locality whose co-operation is necessary for them.

§ 6. — Reports of cases of infection shall be made to the sectional council by the cantonal inspectors and through them forwarded to the manager, the affiliated societies and the competent delegate.

§ 7. — The cantonal inspector shall provide the means of disinfection and personally undertake the instruction of the officers. He shall show the symptoms of fowl brood on the spot and indicate the means for inspection, disinfection or destruction of the hives, the attention to be given on the work and the compensation to be allowed.

§ 8. — The cantonal inspector in agreement with the affiliated societies shall take the necessary steps to obtain from the cantonal government the authorization necessary for inspecting hives belonging to non-members.

§ 9. — With the assistance of the delegate of the affiliated society the cantonal inspector shall prepare a report on the course followed in each

case, that is to say, on the verification of the disease, the measures taken and the results obtained.

§ 10. — The President of the Central Federation shall issue special rules to be followed in regard to the duties of all the insurance organizations.

§ 11. — The necessary funds shall be obtained by means of the payment of a premium of 5 centimes per hive, and by eventual contributions of cantons. The delegates' meeting may modify the premium rate.

§ 12. — The hives shall be examined and the premiums collected on April 1st. by the affiliated societies. The amount of premiums shall be transmitted directly to the Central Society.

§ 13. — The Central Society shall bear the charge of:

The expenditure for the instruction of officers;

The supply of disinfectants;

The travelling expenses of officers and their allowances per diem

Compensation for bees and hives destroyed.

§ 14. — The owner of the bees destroyed must himself support $\frac{1}{4}$ the loss.

§ 15. — In case of intentional concealment of the disease, of serious negligence, of too great delay in reporting the disease, of false declaration or no declaration at all being made, the compensation may be reduced.

§ 16. — A remedy must not be attempted unless complete success is to be looked for.

§ 17. — Persons not members of the association may receive from it a maximum compensation of 50 % of the estimated value.

§ 18. — Compensation shall be paid directly by the Central Society on order given by the manager.

§ 19. — The Central Board of the Presidential Bureau shall decide the last resort on complaints made against the action and the valuation of the delegates.

§ 20. — The cashier of the Central Society of the Association of Friends of Bees in Switzerland shall keep special accounts for foul brood insurance.

The above rules were passed at the meeting of the delegates at St. Gall, on September 23rd., 1907.

W. C. FREYENMUTH

Secretary.

U. KRAMER

President.

Regulations were drafted for the carrying out of the above rules, and we reproduce below some of their provisions.

Art. 4. — For purposes of instruction and for the uniform operation of foul brood insurance, the cantonal inspectors shall assemble annually in *General Conference* under the presidency of the manager.

Art. 5. — The premiums shall be collected through the sections. Each society shall keep a register in duplicate (A and B), containing the names of all the members, the number of hives at the end of the winter and if

ount payable for insurance. The duplicate B, brought up to date, must sent to the Central Society every year on May 1st. at latest.

The insurance premiums must also be forwarded to the Central Society May 1st. The sections themselves shall be liable for premiums not ected.

If a beekeeper is member of two sections of the same canton, he shall registered in both, but only pay in that on the territory of which is his e. The other society shall note in its register, against the name he member, " Pays to the Society..."

Art. 11. — When a hive is infected or suspected of being so, the owner st at once report the same to the presidential bureau of the section of ch he is member or on the territory of which his hive is. As soon as this ort is made, the delegate of the society or an inspector shall come to ke a *provisional examination*. A piece of the honeycomb infected shall a be sent to the Bacteriological Laboratory of the Experimental Agri- rural Institute of Liebfeld, near Berne, to be diagnosed.

Art. 12. — In order to ensure more accurate control, each hive must *supplied with a number* before the examination and valuation. If there ot already a number clearly affixed, an ineffaceable number must marked on every hive.

Art. 13. — *The valuation of the hives* must be made by the cantonal in- tor before their destruction is proceeded with.

The valuation shall be based, without account being taken of the dis- , on the density of the swarm at the moment and on the number and lity of the fertilised combs.

The valuation of the bees shall be based, on the price of an original m of similar weight. This weight shall be estimated approximately.

In April, 1 kg. of bees with their queen shall be calculated at 8 fr ; lay at 7 fr ; in June at 6 fr ; and later at 5 fr.

For the *combs* compensation shall be granted at the rate of from 5 to centimes per square decimetre, according to the quality.

The amount of loss calculated in the case of a swarm and its combs not exceed 40 fr.

Claims shall only be paid for swarms and combs destroyed. In the mation of losses, only 50 % of the value shall be paid for swarms that e been united with others, as in art. 14.

Similarly only 50 % of the value of combs to be mixed with others l be considered.

No compensation shall be paid for the supply of honey and pollen, for hives, implements etc.

Neither shall any compensation be paid for swarms destroyed by foul d before valuation.

Art. 18. — Hives in which foul brood has declared itself must not have number of their bees increased by purchase or addition from other hives.

Artificial increase of the swarms of an apiary infected with foul brood purchase of bees by the owner shall only be permitted after an inter- of a year, and if, on a *later visit* of the cantonal inspector or the dele-

gate of the society, the apiary has been declared to show no further trace of the disease.

Beekkeepers whose apiary has been destroyed by foul brood may restock it within the year, even when it has been disinfected.

Any one not conforming to the above rules shall lose all claim to compensation in case of the reappearance of the disease.

The owner of an apiary which has been infected with foul brood not already a member of the society, cannot be received into a section unless, first of all, a minute inspection has shown that the apiary shows further trace of the disease.

Art. 19. — Anyone buying bees, hives that have been already used or combs, must obtain a certificate showing that they are free from infection. If he neglects to take this precaution, he shall lose all claim to compensation in the event of foul brood declaring itself in his apiary. The same rule shall hold in the case of anyone who imports bees or buys them through a dealer, without subjecting them to strict examination in regard to possible infection, or without obtaining a certificate in Switzerland to the effect that they are healthy and free from any infection.

Art. 20. — Claims shall only be granted in the case of sections which have paid the amount of insurance premiums and are working regularly in conformity with the rules and regulations laid down for insurance against foul brood.

In the same way, no one shall have a claim to compensation for loss through foul brood, except those beekkeepers who conform to the rules and follow in every detail the instructions of the competent authorities.

The provisions in the rules and regulations have been applied with the greatest care and foul brood insurance has worked from the first year up to date in a way that fully answers its object without presenting any sort of difficulty. It was no easy thing to establish registers for insurance containing the names of all beekkeepers insured and the number of their hives. This was, however, carried out in a short time under the direction of the sections, and was completed in duplicate with no omissions. Every year the registers are brought up to date and account is taken of changes in the number of members and in the number of swarms. These serve as the basis for the collection of premiums.

The work of insurance has been considerably facilitated by the decision come to on December 3rd., 1909 by the Federal Council to include foul brood among the infectious diseases of livestock contemplated in the federal law. The Decree by which this is sanctioned, establishes the following principal provisions:

1. Compulsory declaration by the owner when foul brood makes its appearance in his apiary;
2. Right of inspection of infected apiaries;
3. Provisions for disinfection;
4. Prohibition of anything that may serve to spread infection, prohibition to sell, transfer or leave publicly exposed, swarms, hives or infected material;

3. Pecuniary penalties and fines of from 10 to 500 frs. in case of contravention.

These legislative provisions changed the basis of foul brood insurance, by putting them into force, the State undertook the sanitary supervision of apiaries. Those who were before simple foul brood insurance office employees have become Government servants with the authority of police officers.

When first established, the object of the insurance office was twofold: first of all to combat the infection of bees, and then to compensate beekeepers who had suffered losses. Since the State has undertaken to work for the first of these ends, only the second remains for the insurance department to realise. Accordingly, at the revision of its rules in 1910, the provision in paragraph 17, relating to compensation to be given to those not insured, was suppressed. And, since, of course, the State subventions have ceased with the new organization, the principle has also been established that supplementary premiums may be called for in cantons where the amount of the claims aid comes to more than four times that of the provisional premiums. As may be seen from the following table, the progress made by this institute in its first five years has been constant from various points of view. The number of insured members has increased from 6,831 to 8,740; that of the farms from 86,526 to 115,206. The cases of foul brood have decreased from 4% to 0.8% and that of the claims paid from 5,346.50 frs. to 2,768.45 frs. Altogether 574 infected apiaries were dealt with and more than 20,000 frs. paid in claims.

Foul Brood Insurance Undertaken by the Association of the Friends of Bees in Switzerland from 1908 to 1912.

Years	Members	Cases of Foul Brood				%	Claims Paid.
		Insured	Not Insured	Total			
1908	6,831	86,526	93	38	131	1.4	5,346.40
1909	6,952	89,006	85	43	128	1.2	5,113.70
1910	7,453	101,666	59	28	87	0.8	2,662.50
1911	7,532	105,179	85	29	114	1.1	4,206.65
1912	8,740	115,206	68	46	114	0.8	2,768.45
Total	—	—	390	184	574	1.1	20,097.70

In German Switzerland Foul Brood Insurance is a voluntary institution, founded by beekeepers who have organized themselves. They are, therefore, independent of the State. The case is different in the French Swiss cantons, where the State directly undertakes these risks. In the decision of the Federal Council by which foul brood was included among the infectious livestock diseases contemplated in the Federal Law, the cantonal

governments were authorized to issue regulations for the carrying out of the provisions contained in it, for it is for them to apply the law on infectious diseases. Now in agreement with the beekeepers' federations of French Switzerland, compulsory foul brood insurance has been introduced by Decree in the cantons of Fribourg, Vaud and Neuchâtel. The provisions for the State insurance do not differ essentially in the different cantons. The law of the Canton Vaud on Insurance, which came into force on January 1st., 1911, in conformity with the Decree of June 28th., 1910, runs as follows:

*Law of May 12th., 1910 founding an Insurance Society
against Loss through Foul Brood among Bees.*

The Grand Council of Canton Vaud,

In consideration of the bill presented by the Council of State;

In view of the Decree of December 3rd., 1909 of the Federal Council including Foul Brood in the number of contagious diseases, forming general danger;

In consideration of the request of the Society of Beekeepers of Vaud

DECREES:

Art. 1. — There shall be founded in the Canton an establishment of compulsory insurance against loss through foul brood.

Art. 2. — The order for treating, disinfecting and destroying infected hives shall be given by the Department of the Interior to the foul brood inspectors appointed by the Council of State.

Any beekeepers whose hives are infected or suspected of being so must report the same, without delay, to the inspector of livestock.

Art. 3. — 80 % of the estimated value of the hives destroyed shall be paid to the owner as compensation.

Art. 4. — The State shall advance the compensation, the valuation expenses, and the cost of treatment, and they shall be paid within the month following the operations mentioned in art. 2.

Art. 5. — An annual premium shall be collected from the beekeepers to repay the State for its advances.

Art. 6. — The premiums shall be collected on the basis of a census of hives made on the first of January.

Art. 7. — A statement of claims paid shall be published annually.

Art. 8. — Any beekeeper convicted of having culpably or negligently introduced or spread the disease shall lose all claim to compensation without prejudice to the legal action to which he is exposed.

Art. 9. — The foul brood inspectors are empowered to inspect all apiaries in a suspected region to discover the presence of the disease.

Art. 10. — Before the present law comes into force, a general inspection of apiaries shall be made.

The cost of treatment or destruction of hives, recognised as infected at this inspection, shall be charged against the owner.

Art. 11. — The Council of State shall be charged with the publication and execution of the present law.

Given under the great seal of the State, at Lausanne, May 12th., 1910.

G. ADDOR

Secretary.

J. CHAVANNES

President of the Grand Council.

It is a matter worthy of consideration that the State foul brood insurance institutes of French Switzerland, although subsidised by the Cantons, ask much higher premiums than the Office of the Association of the Friends of Bees. Whilst in the countries where the former system is applied, the annual premiums are 30 centimes and even more per swarm, in those where the private system is in use the initial premiums never exceed 5 centimes. The revision relating to supplementary premiums has been made so little use of that they do not amount to even 2 % of the total collected. The cause of this is principally to be sought in the following circumstances :

1. The number of cases of foul brood is comparatively greater in French than in German Switzerland.
2. The cost of treating the apiaries has to be borne by the insurance institutes in French Switzerland, whilst the private insurance office does not pay it since, the disease being included among the contagious livestock diseases contemplated by the Federal Law, the Cantonal Governments have to provide for it.
3. The private insurance office in the German districts is managed more simply and at less cost than the State Insurance Institutes in French Switzerland.

Both systems have attained excellent results. Thanks to them both, the cases of infection have decreased from year to year, and it may be expected that the amount of the State premiums will be gradually reduced to an ordinary rate.

Part III: Credit

ALGERIA.

WORK OF THE MUTUAL AGRICULTURAL CREDIT INSTITUTIONS IN 1912.

OFFICIAL SOURCE:

REPORT AU PRÉSIDENT DE LA RÉPUBLIQUE SUR LE FONCTIONNEMENT DES INSTITUTIONS
DE CRÉDIT AGRICOLE MUTUEL EN ALGÉRIE. (*Report presented to the President of the
Republic on the Work of the Mutual Agricultural Credit Institutions in Algeria.*)

The Minister of Home Affairs has just presented a report to the President of the Republic on the work of the Algerian Mutual Credit Banks in 1912.

According to this report, the number of regional banks, 39 on December 31st, 1911 in all three Algerian Departments, was only 37 at the end of the year 1912.

Yet we must not conclude from this decrease that there has been a retrograde movement or even an arrest in the development of agricultural credit in Algeria.

To obtain a true idea of the more or less prosperous condition of the institutions, we must not consider the number of the regional banks, but rather the amount of the business they do.

Indeed, the disappearance of a certain number of banks seems, so to say, inevitable. There was no general plan, nor directing principle at work in the foundation of these colonial establishments. They arose almost at hazard, and, in many cases, the requirements of the rural population have been the determining cause in their foundation. The office of the general inspection of finance in its 1910 enquiry, regretfully insisted on this. In particular, it pointed out that eleven of the thirty nine regional banks were founded for the sake of a single local bank. Now, when a regional bank has only a single local bank dependent on it, the two establishments, although they have separate boards of management, inevitably end by uniting, the regional absorbing the local bank, which then only exists in name. However, the law, in accordance with its principles, with logic and the reality of things, has decided that agricultural credit should be based on local banks, and that they should preponderate. So it is no rash thing to think that, in

thus going against logic, some of these regional banks, with a single local bank dependent on them, must dissolve, by force of circumstances, sooner or later, and that, owing to a number of reasons easy to understand, the year 1920 will see the end of their work.

Seven of the 37 regional banks existing on December 31st., 1912, had, so to say, only native members, one native bank, that of Ain Boucif, ceased to exist about that date; it had 6 local banks affiliated to it and its reserve fund at the end of 1911 exceeded 50,000 francs; its disappearance may, therefore, be considered extraordinary. But we must not forget that the natives of Algeria, without being refractory to the existing forms of mutuality, yet only adopt them when strongly urged. The maintenance of a native bank, as well as its foundation itself, depends exclusively on the representatives of the Government, which sometimes seconds the efforts of one or two Europeans.

Without doubt, the prosperity of a credit bank always depends more or less on the capacity and devotion of its managers, but in an Arab country it is entirely subordinate to the action of the managers.

There is no doubt that, gradually, in time the bond will be loosened and that, in the future, the native banks will live a more independent life; but at present it is easy to understand to what special dangers they are exposed, and how, in spite of the vigilance of the managers, a bank, the situation of which is to day in every respect excellent, may, without apparent reason, disappear to morrow; sometimes the departure of one man suffices, or even his absence for a prolonged period.

However it be, and in spite of this precariousness, the Government of Algeria persists in encouraging the foundation of native banks, in the persuasion that the Arab population will end by more fully appreciating the advantages of mutual agricultural credit and that gradually the Arabs will become accustomed to resort to the credit banks instead of letting themselves be taken advantage of by usurers.

On December 31st., 1912 the amounts paid by the Bank of Algeria as advances and as dues amounted to 6,075,000 frs. Of this the regional banks had received the following sums as advances to be repaid:

1902	319,000 francs
1903	341,500 "
1904	905,000 "
1905	999,600 "
1906	507,200 "
1907	320,670 "
1908	346,050 "
1909	326,300 "
1910	332,140 "
1911	362,140 "
1912	151,400 "

4,901,960 "

The partial repayments demanded on the maturity of certain loans amounted at the end of 1912 to 556,100 frs, that is to say, to about 11 % of the loans granted.

The balance of the loans seems, in most cases, amply guaranteed. Somewhat serious fears having been manifested with regard to the solvency of certain banks, measures have been taken to help them to pay their debts without provoking their dissolution, which might lead to catastrophe in the region in which they work.

The total reserve fund increased from 662,193 francs to 742,437 frs. therefore by 80,244 frs, in the year 1912. This may be considered a good result, above all when we remember that the rise in the bank rate of discount at the end of 1912 caused an appreciable diminution of the profits of the regional banks, which were obliged to rediscount a part of their bills and acceptances. But the favourable comments just made on the regional banks generally do not apply to all individually : in fact, four of them have at present no reserve fund, and, in the case of four others, the amount of the reserve fund at the end of 1912 was less than on December 31st, 1911. This decrease is only due to the fact that, in face of the bank rate, these banks decided to maintain their usual rate of discount and that, consequently, their rediscounting business caused them losses exceeding the amount of all their profits. Assuredly, the sacrifices the regional banks have imposed on themselves were very much to the advantage of their agricultural customers, but was it good management and would it not have been preferable to follow the general movement by temporarily raising the ordinary rate of discount ? We can only ask the question.

At first, the credit banks considered the necessity of forming large reserve funds a secondary matter ; before all things they were anxious to place money at low interest at the disposal of their adherents, and they did so at very low interest. But before long they understood their interests better and everywhere they raised their rate of discount. There is now only one regional bank lending at 3 %. On the other hand, 7 %, 7 ½ % and even 8 % are frequently asked.

Although formerly it was above all the customers of the native banks who suffered under conditions singularly burdensome, the rate was none the less evidently too high. If the prosperity of the regional banks is to be assured, the rural population has also to be treated with consideration, and the balance between the interests concerned is not kept equal by the imposition of such heavy burdens on the borrowers.

In the report for the working year 1911, the increase in the deposits made by individuals in the regional banks was already pointed out ; the increase was still more marked in 1912, since the total amount of these deposits has increased from 3,031,127 frs. to 4,353,580 frs. Up to the present only fourteen of the thirty seven banks have received deposits. It is to be desired, says the report, that all should engage in this business, for the deposits are not only an evident indication of the confidence the banks inspire, but a security for their maintenance in the future. Yet the banks are recommended not to forget that deposits at sight are not

without their danger and that it is to their best interest to seek for and to encourage in preference deposits for fixed terms.

In spite of criticisms that may be passed on the working of agricultural credit in Algeria in its details, the institution is none the less rendering more and more extensive services. The comparison of the number and amount of the bills discounted in the two years 1911 and 1912 is altogether to the advantage of the latter year, as we may convince ourselves by a glance at the following table, which summarises the discount business of all the banks

Years	Bills Discounted		Renewals	
	Number of Bills	Amount	Number of Bills	Amount
1911	15,591	12,267,979	12,849	8,475,371
1912	16,839	13,350,631	16,450	9,225,687

In 1912, as in the preceding year, some banks have, so to say, strud work, and one wonders, seeing them discounting in twelve months only thirteen, ten, eight, or even three bills, whether it would not be better to dissolve them and let their affiliated local banks adhere to other regional banks.

The agricultural co-operative societies received no advances in 1912. The Commission for Distribution recommended that they should be granted to several societies, but no society has yet completed the formalities necessary to enable it to receive them. The delay caused by the completion of these formalities has given rise to repeated complaints, but those complaining might have understood that it was they themselves and they alone who were to blame. In most instances, in fact, an advance is only requested in order to pay off the debt on the erection of a building for the society. Now out of economy, in order to save expenses, the co-operative societies have, with few exceptions, built on communal land granted by the State Lands Office to the communes as an endowment. Consequently, before giving a mortgage on the building erected as security for the amount granted, the co-operative society must first take legal measures for the retrocession of the land to the State Lands Office in order that the Office may then sell it to it. Thence the enforced delays which the society might have avoided by purchasing the site on which to build from a private individual. It is true it would then have had to pay more. In fact, then, the delay in the receipt of an advance is almost always the price of the economy realised in the purchase of a piece of land. It is for the societies to choose between receiving quickly or buying cheaply; but they cannot expect both advantages.

The bookkeeping of the regional banks, without being yet everywhere perfect, is still somewhat improved. Two regrettable incidents occur

g in 1912 have shown the managers how indispensable it is carefully to supervise the secretary - treasurers. A more active supervision must of necessity lead to greater regularity. The action of the inspector charged to examine at the office has not been without its influence in the improvement reserved.

Let us end by giving a table of the Regional Banks, with the number of local banks affiliated to them and the number of members in the local banks.

LOCAL BANKS. — *Number and Adherents.*

Names of the Regional Banks Affiliating the Local Banks	Number of Local Banks Affiliated to the Regional Banks	Number of Members of the Local Banks	Remarks
<i>Department of Algiers.</i>			
Algiers	44	1,527	
Affreville	11	160	
Aln Boucif (native)	6	523	Dissolved in 1912 (Oct. 31)
Azazga	1	64	
Berrouaghja (native)	8	457	
Bouhar (native)	7	193	
Boufarik	1	21	
Chellala (native)	7	469	
Dellys	"	"	No longer working.
Donéra	3	245	
El Affroun	3	97	
Kolèa	1	62	
Muregn	6	212	
Mélicé (native)	5	373	
M rabeau	1	80	
Monzaïville	1	54	
Rouiba	"	"	Dissolved in 1911.
Sidi-Aïssa (native)	3	472	
<i>Department of Constantine</i>			
Batna	5	769	
Bélezma (native)	1	818	
Bordj Bou Arréridj	1	155	
Bône	6	221	
Bougie	2	289	
Constantine	17	574	
Djidjelli	3	411	
Edough-la Caille	4	441	
Guelma	7	162	
Jemappes	6	127	
Philippeville	4	289	
Sétif	1	304	
Soukahras	3	336	
<i>Department of Oran.</i>			
Ammi Moussa	1	1,309	
Djebel Nador (native)	3	385	
Mostaganem	11	463	
Oran	17	324	
Perrégaux	3	102	
Primeuristes d'Oran	"	"	In liquidation.
Relizane	1	372	
Rio Salado	1	83	Dissolved in 1912 (Nov. 30th).
Sidi Bel Abbès	25	1,219	
Tiaret	5	113	
Tlemcen	14	760	
Total	249	15,035	

GERMANY.

LIFE INSURANCE AS SECURITY FOR MORTGAGE LOANS IN GERMANY.

Last year, we showed how mortgage loans might be secured on life insurance policies and what was the object of this form of thrift instituted ten years ago, at the date of the foundation by the East Prussian *Landschaft* of its life insurance institute (1). Since then, the idea has made rapid progress, not only in East Prussia, but also in the rest of Germany. Before dealing with this, we shall briefly show what is the basis of this new method of extinguishing debts.

It is based on the consideration that the simple process of extinction according to which a portion of the principal is repaid every year, is suspended when the debtor dies before the date fixed. In this case, the difficulties are greatly increased for heirs deprived of their support and it often happens that a holding is excessively burdened by the charges imposed on a person in whose portion it is included, on account of the compensation he must give the coheirs, if it is possible to keep it in the family at all. The principle has been established that each generation must itself pay off the debts it has contracted. To render the realisation of this object independent of the duration of a life, it has been recommended to complete or even to substitute the simple regular repayment of a debt by means of life insurance. In Germany, the East Prussian *Landschaft* first systematically made use of life insurance for the dismortgaging of agricultural land. The life insurance institute, founded by it for the purpose, has been working since November 15th., 1910. Others of similar type have been founded in other provinces.

In all these institutes, insurance for the extinction of mortgages is regulated so that the premiums are paid in the first place out of the loan contracted. Life insurance, then, is not treated as supplementary to the payment of sinking fund annuities, but as taking their place, without which

(1) Cf. *Life Insurance as a Means of Promoting Dismortgaging and Acquisition of Land*, *Bulletin of Economic and Social Intelligence*, August, 1912. With regard to the older and somewhat different application of the system in France and Belgium, see the article: *Life Insurance and Legislation on Small Holdings and Cheap Dwelling Houses*, *Bulletin of Economic and Social Intelligence*, August, 1913.

many farmers would be frightened by the mass of obligations they had to fulfil. On the other hand, they often willingly undertake to pay premiums the amount of which exceeds that of the sinking fund annuities. The policy holder does not pay his premiums directly to the Life Insurance Institute. The payment is made by the public credit institute granting the loan, which to secure itself, obtains the transfer of the rights to the amount assured. In addition to the *Landschaften*, a large number of savings banks and several provincial aid banks allow the sinking fund instalments to be used to pay the life insurance premiums, in order to dismortgage rural landed estates.

It is much more certain that a debt will be paid in this way than by means of sinking fund instalments pure and simple. There is already one circumstance favouring the realisation of this object, namely, that owing to his insurance the policy holder cedes the amount for the extinction of his debt, for a much longer period than under the system of payment now in use among the *Landschaften*, where, as a rule the sinking fund is considered as the property of the borrower, who may withdraw it under certain conditions and who generally does withdraw it when it amounts to a certain proportion of his debt. The essential advantage of insurance for the extinction of a mortgage consists in this, that, at the death of the policy holder or the expiration of the period stipulated, there remains an amount available, by means of which a previously existing debt may be liquidated or the constitution of a new debt hindered. An example will serve to make the matter clearer. By payment of 250 marks every half year or $\frac{1}{2}\%$ per year on an amount of 100,000 mks., a sinking fund is formed which, if we take 4% as the rate of interest, will amount to 2,816 marks at the end of five years, and to 6,243 marks at the end of 10. If, on the other hand, at the age of thirty, one invests the same amount in a life insurance policy, at the moment the insurance is due there will be an available amount of 21,720 marks according to the tariffs of the life insurance institutes in public law, an amount which, besides, may be increased by dividends. An endowment policy for the period of thirty years always gives right to the amount of 16,280 marks (1). In this kind of insurance, the advantages of the policy holder naturally decrease in proportion to the duration of his life.

With regard to their legal form the new institutes are institutions of public utility in public law. As we have already mentioned, the East Prussian Institute is a branch of the *Landschaft*. The other life insurance institutes are founded by the Provinces in which they have their headquarters, but almost everywhere with the participation of the *Landschaften* and partly also of the public credit institutes and provincial fire insurance societies. In consequence of the solid support they receive from the autonomous administrative organizations of the provinces, they enjoy the confidence of the population to a greater extent than the private insurance businesses, so that they are marked out as capable of extending life insurance in the country districts, where it has had little success up to the

(1) See: *Deutsche landwirtschaftliche Genossenschaftspress*, 1913 N° 12.

present. Besides, the assistance of the institutions which participate in their working, also permits of their considerably economising their working expenses. They have, besides, the valuable assistance of the rural loan and savings banks and other agricultural associations, whose confidential agents accept applications for insurance, and whose accountants collect the premiums. These institutions may therefore also offer their policy holders very advantageous conditions, the rather as they do not aim at realising profits, but any they make must be exclusively invested in behalf of the insured in due proportion.

When the East Prussian Landschaft had set the example by founding an Insurance Institute in that province, institutes of the same character were founded, in 1911, in West Prussia, Pomerania and the Provinces of Posen and Silesia, and in 1912, in Brandenburg. This year, it is the turn of a seventh institute, that of the district of Nassau, which has just been founded at Wiesbaden. Each of these institutes has received from the administrations taking part in its foundation an amount of 1,000,000 marks, the interest of which it will only pay at the end of five years, and in addition a supplementary amount towards its organization which it will not have to repay.

A union of these institutions has been established by the foundation of a federation of Public Life Insurance Institutes with a capital of 3,000,000 marks which commenced working on December 1st, 1911. In it the duties to be performed are well distributed. Whilst the principle of decentralisation appears in the Provincial Institutes, for they have to make contracts with the insured and to administer the money collected as premiums, it is for the Federation to meet the need for centralisation, useful or even necessary in matters of administration common to them, as also for the distribution of risks. The principal duties of this federation are to select the doctors, to do the technical work in connection with insurance as well as to establish the distribution of the risks to be borne. It distributes the risks among the various institutes in proportion to their financial resources and by means of its Reinsurance Institute "*Deutschland*", a society limited by shares with a capital of 3,000,000 mks., it serves as an intermediary, when it is indispensable to arrange for International Insurance.

This Federation, then, principally serves to concentrate the management of the Institutes adhering to it. Further, with the help of offices and agencies established by it in various parts of the country, where, as yet, there are no institutes of the sort, it transacts insurance business directly. The competent administrative authorities have already granted it the necessary authorization for all the provinces of Prussia, except Westphalia, and for a large number of other German States, as Saxony, Hesse, Brunswick, Mecklenburg and the Free Towns of Hamburg and Lübeck. So preparations are being made as well as possible to found special institutes also in these districts. The agencies of Magdeburg, Halle, Cassel, Kiel, Hanover, Lübeck, Schwerin and Dresden are already working.

These public life insurance institutes have only been a short while working, and, yet, they have already attained quite remarkable results. June 6th., 1913, the East Prussian Institute had only been working two years and a half; the five institutes established in 1911, a year and a half, and the direct insurance department of the Federation had existed for one year. At that date applications had been made for insurance, for an amount of 84,044,811 marks. Nearly half this amount, or 41,074,815 marks, were for insurance for the extinction of debt. The rest was for ordinary insurance of farmers or others. There were 3,881 policies taken out for 35,662,111 marks at the end of 1912, without including 49 for life annuities amounting to 31,409 mks. a year.

To obtain a more accurate idea of the insurance business of the institutes we shall first of all carefully examine the work of the East Prussian Institute, for which we have already the results of two working years. We have already in the article above mentioned, given the figures for the year 1911. At the end of that year, while 708 applications for insurance had been accepted for an assured amount of 8,713,700 marks, premiums had been paid on 569 policies representing an amount of 7,084,900 marks. In 1912, there were 836 new applications for the amount of 9,062,450 marks, so that altogether, from November 15th., 1910, to December 31st., 1912, 1,544 applications had been presented to the Institute for an amount of 21,745,450 marks. If we include the 183 held over from the previous year, for an amount of 2,231,950 mks., in 1912, there were 1,727 applications presented for regulation, represented by 11,294,400 marks.

The new applications for insurance are distributed as follows; 525 for the extinction of debt, amounting to 6,099,450 marks; then 158 for ordinary insurance of farmers, amounting to 2,153,900 marks, and finally 104 for insurance of persons other than farmers, representing an amount of 809,150 marks. We see from these figures that insurance for extinction of debt is the most important. But when we compare the figures with those for 1911 we find a relative decrease to the advantage of the ordinary insurance of farmers. The distribution per cent is seen in the following table:

Applications for Insurance.

	Number		Amount	
	1911	1912	1911	1912
	%	%	%	%
Insurance for Extinction of Debt . . .	70.83	62.80	77.53	67.30
Ordinary Insurance of Farmers	13.66	22.13	13.24	23.77
Ordinary Insurance of Non-Farmers . .	15.51	15.07	9.23	8.93

Out of these 836 new applications for insurance, 709 were for amounts of more than 10,000 marks. The average amount was 10,840 marks. In 1912, 79 applications were refused and 173 withdrawn; 158, which were held back for a later date or were being dealt with, were brought over to the next year. The number accepted in 1912 was 609, representing an assured amount of 6,755,800 mks. Payments were made on 667 policies, representing an assured amount of 7,037,500 mks. After deduction for policies cancelled or matured, at the end of 1912 there remained 1,204 life insurance policies for an amount of more than 13,688,400 mks. We must add 35 policies for a term of years for 217,500 mks and 34 for life annuities for an annual amount of 24,525 mks.

At the end of 1912, 12% of the total sinking fund to be paid to the East Prussian Landschaft had been invested in life insurance. The sinking fund payments are at the rate of $\frac{1}{2}$ % of the amount lent, when the latter exceeds half the estimated value as fixed by the Landschaft. Further, in many cases, an amount in excess of this was voluntarily paid, making a total of 90,000 marks. At the end of 1912, the amount of the policies transferred to the Landschaft represented more than 9,100,000 marks.

The working expenses have been comparatively low. From being 14,000 marks in 1911 they rose to 164,000 mks, in 1912; to meet them only 28% of the premiums was needed, instead of 42%, as in the first working year. This proportion will be still further diminished as the premiums collected increase with the years.

The public life insurance institutes also use the funds they obtain through their insurance work for the dismortgaging of rural landed property; they, above all, use their reserve premiums for granting credits on second mortgages to be repaid in instalments on a stricter system. The last Prussian Institute had granted up to the end of 1912 the following amounts of credit on mortgage on rural land:

Area of Holdings	Number of Mortgage Loans	Total — Marks	Average — Marks
Up to 50 ha	125	281,850	2,255
" 50 to 100 ha	45	312,600	6,947
" 100 to 200 ha	25	321,900	12,876
Above 200 ha	11	225,200	20,473
Total	206	1,141,550	5,542

These low average amounts of credit on mortgage granted and the preponderance of holdings of less than 200 ha., which, in East Prussia, cannot generally be considered as large holdings, show that this institute above all needs the funds for credit of small and middle sized holdings. In addition to these, 12 credits on first mortgage on urban real estate were granted for a total amount of 168,200 marks.

At the end of 1912 the Insurance Institute had made payment of the amounts granted on 75 rural mortgages for an amount of 464,350 marks and on 4 urban mortgages for an amount of 60,250 marks. Of these rural mortgages, a portion is for 341,950 marks, equivalent to $\frac{1}{10}$ of the estimation made by the Landschaft and a portion for 122,400 marks equivalent to $\frac{1}{10}$ of the estimation, which is generally far below the real value. The rate of interest is $4\frac{1}{2}\%$, with at least $\frac{1}{2}\%$ per ann. in sinking fund. The working expenses in connection with the mortgage are met by the sinking fund instalments for the first four years in the case of mortgages equivalent to $\frac{1}{10}$ of the estimation and for the first ten years in case of other mortgages.

In the following tables we give a summary of the business done by all the insurance institutions of this class up to the end of 1912, not including that of Brandenburg, which only commenced working in the middle of 1912.

*Applications for Insurance and Contracts in Force.
Life Insurance.*

Institute	Working Year	Applications for Insurance		Contracts Concluded Entered into Force	
		Number	Amount — Mks	Number	Amount — Mks
East Prussia	15.11.10—31.12.11	1,032	2,683,000	569	7,084,900
"	1.1.12—31.12.12	836	9,062,450	667	7,037,500
West-Prussia	1.12.11—31.12.12	832	11,557,900	520	7,084,430
Pomerania	"	759	6,808,357	383	3,698,125
Posen	"	378	2,464,400	213	1,322,000
Silesia	"	1,463	11,378,665	823	6,690,544
Federation (Direct Insurance Department) . .	"	356	2,698,250	115	1,166,250

The following table shows the distribution of the applications for insurance according to the object of the insurance and the persons to be insured.

Distribution of the Applications for Insurance.

Institute	Applications for Insurance for Extinction of Mortgage.		Applications for Voluntary Insurance of Farmers.		Applications for Insurance of Persons not Farmers.	
	Number	Amount — Mks	Number	Amount — Mks	Number	Amount — Mks
East Prussia (1912)	325	6,099,450	185	2,153,900	126	809,100
West Prussia	445	8,181,600	142	1,837,800	245	1,538,500
Pomerania	246	3,171,409	229	2,017,448	284	1,619,500
Silesia	337	2,598,152	321	2,064,342	357	1,993,240
Posen	71 contracts for 1,038,000 marks				307	1,426,400

For the better appreciation of these figures, it must be said that the Institute of the Province of Posen was not yet able in 1912 to pass contracts for insurance for extinction of mortgage debt, because the public credit institutions of the province had not yet given it permission to utilise for this purpose the sinking fund payments due from their debtors. It has only enjoyed this advantage from the beginning of this year. The Federation of Public Insurance Institutes found itself somewhat in the same position as regards its department of direct insurance. Besides, it could only commence operations in the third or fourth quarter of the year 1912 and then only for a part of the territory in which it is permitted to transact life insurance business. This explains the small amount of its business. These institutions also issue policies for a period of years and for life annuities, but in neither of these two departments have they as yet done much business.

The following table shows the cost of organization and management and the amount of premiums collected on whole life and endowment policies.

In addition to these two specially important items of the Profit and Loss Account, it also shows the net revenue realised by each of the institutions. It follows that, in contrast to what generally happens in the first years of the existence of insurance societies, there has not been a deficit in any case. This is a strong proof of the solid basis on which they are established.

Institute	Cost of Organization and Management (Marks)	Premiums * Collected (Marks)	Total Excess of Revenue over Expenditure (Marks)
East Prussia 1911	114,012	269,998	2,798
" " 1912	164,278	576,088	21,848
West Prussia	113,037	329,896	10,340
Pomerania	72,994	142,369	2,722
Posen	43,900	55,741	2,478
Silesia	155,167	449,509	5,344
Federation (Direct Insurance)	75,316	16,684	—

* Without taking into account the amounts paid for the constitution of life annuities.

Since the first of April of this year, the public life insurance institutes have founded special departments for insurance for small amounts, to which they give the name of popular insurance. This kind of insurance, which has assumed a large development in Great Britain and the United States, is intended in the first place for the classes with least means. The highest amount that can be assured is 2,000 mks. Other peculiarities of this class of

insurance are that, instead of the medical visit being insisted on, a period is fixed, before the expiration of which the insurance does not come into effect and the premiums are paid in small instalments. In many places, in recent years, organizations have been founded for the development of popular insurance (1), and it is a matter we can quite specially congratulate ourselves upon that the public life insurance institutes have undertaken this work. Besides that they tend to reduce the premiums to the utmost, these institutes have also been careful in their regulations to take account of the special conditions of the classes for which this kind of insurance is intended.

They desire above all to prevent the policy holders from allowing the insurance to lapse and thus suffering losses, as often happens in the case of private societies, where the conditions of insurance are severe.

This sort of insurance must further serve to satisfy the need of credit of the rural classes, for, by its means, it is possible, on the one hand, to facilitate the permanent establishment of agricultural labourers by granting them loans on second mortgage to be repaid in instalments, and, on the other hand, it is proposed by means of endowment policies, to make it possible for young labourers to have at their disposal, after a certain number of years, that is to say, when they reach the age of 45 or 50, the capital necessary for the purchase of a small holding. The National Federation of German Agricultural Co-operative Societies and other institutions, the object of which is to improve the situation of the lower classes, will give very valuable assistance to popular insurance. This institution meets a real need. This is evident from the fact that between April 1st. and September 30th. in the province of Silesia alone, 3,464 applications for insurance were presented for an amount of 1,463,898 marks.

(1) In this connection, cf. Bulletin of Economic and Social Intelligence, April, 1911, p. 13.

Part IV: Miscellaneous

ARGENTINA.

MISCELLANEOUS NEWS.

1. THE VALUE OF THE NATIONAL PRODUCTION IN 1912 AND THE ECONOMIC SITUATION OF THE REPUBLIC. — The General Management of Statistics and Rural Economy presented to the Department of Agriculture an interesting report on the value of the production of Argentina in 1912 and the causes that have contributed to form the present economic situation of the country. This report, drafted by Dr. Lahitte, the admirable manager of the office, deals especially with agricultural production (1) which, as we know, is the foundation of the wealth of Argentina, and investigates the details of the phase through which the agricultural economy of the Republic is now passing. We, therefore, consider it advisable to give here the principal points of the official document.

The value of the national production for 1912 is given at 2,601,432,000 pesos m/n (2), which is equivalent to 5,723,150,400 frs. and is distributed as follows :

	Gold pesos
Cereals	312,759,000
Oleaginous Plants	54,234,000
Cattle Foods.	34,000,000
Industrial Plants	99,289,000
Sugar	19,500,000
Wine	40,834,000
Livestock (3)	319,128,000
Poultry and Farm Yard Produce	111,400,000
Forestry Produce.	45,000,000
Game and Fish	16,000,000
Minerals	11,500,000

Total . . . 1,144,644,000 gold pesos =

2,601,432,000 m/n.

(1) See article, "Some Indications of the Economic and Agricultural Progress of Argentina", published in the October Number of this Bulletin.

(2) A peso m/n (national money) is equal to 2 20 fr. : a gold peso to 5 fr.

(3) This figure shows the value of the livestock of every kind sold in the year : the minimum selling price on the "estancia" is taken as the base.

The above list, except for wine and sugar, only includes the raw produce of agriculture, livestock improvement, forestry, mines, the chase and the fisheries. The value is calculated on the selling prices on the local markets. The following statistics of export, which have been carefully collected, show a constant increase from year to year, as appears from the dates :

Period 1903-1907 Gold Pesos	Period 1908-1912 Gold Pesos
220,984,524	366,005,431
264,157,525	397,350,528
322,843,841	372,626,055
292,253,829	324,697,538
296,204,369	480,391,256
<u>1,396,444,088</u>	<u>1,941,070,080</u>
fr. 6,982,220,440	fr. 9,705,354,040

The total value of the exports for the five years 1908-12 exceeded that for the preceding years by 39 % : the increase of the exports continues to follow an ascending curve, as the first half year of 1913 shows an increase of 20 % on the corresponding period in 1912.

These facts show, observes the report, that the general economic situation is prosperous. If, indeed, we observe a certain diminution in the national activity, we must not seek its causes in an arrest of production and much less in over production. The figures given show the baselessness of the first hypothesis, and, as regards the second, let it suffice to say that the very nature of Argentine produce is a guarantee that the demand of the international market will not slacken.

In view of the eminently agricultural character of the Argentine economy, adds the report, we must seek the causes of the present situation in the four branches of economic life: production, consumption, circulation and distribution.

Production and Consumption.—The progress of Argentine production has been *vertiginous* : the natural conditions of the country have been at once the cause of great advantages and of exaggerations, a phenomenon, however, common to all countries possessing large tracts of fertile soil, comparatively cheap, and not requiring much labour or capital for their working, and where the topography is exceptionally favourable to the construction of railways. All the national activity concentrated itself on agricultural business, the increased value of the soil was at once the cause and effect of this ardour for agriculture. It is calculated that in the last ten years 13,000,000 hectares were acquired for agriculture, which means an increase by 145 % of the cultivated area ; the railway system was also extended 85 % in the same period.

With the centres of population, the commercial and industrial firms have multiplied : housebuilding has made extraordinary progress : it is

enough to mention that, in the Federal Capital alone, 116,000 houses were built in the course of the ten years. This urban increase is also a direct consequence of the agricultural enthusiasm.

The author of the report draws the following conclusions from this state of things :

1. Since the soil is exploited with the principal object of giving it a higher commercial value and the profits obtained increase in the same way or are directed to ends extraneous to agriculture, the capital necessary for the industry is not incorporated in the farm.

2. Although the nature of Argentine produce precludes the possibility of a crisis due to *over production*, we must, however, recognise that, on the national financial market, the balance of supply and demand in the case of the most important value, that is of *land*, has been disturbed. When the rising prices reached their maximum, the supply was in excess of the demand : further rise was checked and this caused a general uneasiness in every branch of Argentine economy.

Lahitte calculates the total amount for the operations of purchase and sale of real estate in the ten years 1903-12 approximately at 6,500,000 pesos (14,300,000,000 frs.). The operations in connection with rural land would amount to 2,545,000,000 pesos and include 103,000,000 hectares. The transactions in rural land, exclusive of the National Territories, affected 79,000,000 ha., that is, about 48 % of the total area of the 14 provinces and 50 % of the market value attributed to the land in these provinces in the census returns for 1908.

These figures, he adds, are eloquent enough to make us appreciate the impulse such a state of things must have given to both productive and unproductive consumption, and the degree to which it must have contributed towards the general rise in prices.

The following figures show the increase in imports between 1903 and 1912:

Years	Total Imports (gold pesos)	Per Inhabitant (gold pesos)
1903	131,206,600	26.7
1912	384,853,469	59.6

Circulation. — When we consider the circulation of currency (money or paper), which is an important indication of the movement of exchange, we see how it also reflects the economic impulse above remarked.

Note circulation (\$ m/n)			Discounts and Bank Loans (\$ m/n)		
Years	Total	Per Inhabitant	Years	Total	Per Inhabitant
1903	292,605,235	69	1906	738,685,000	137
1912	786,369,171	120	1912	1,531,909,000	238

In calculating this increase, the report goes on, we must, however, distinguish how far the business of production pure and simple has contributed to it. The investment of immense amounts of capital in real estate business has given rise to a series of results summarised in the report as follows :

1st. Extraordinary increase in the sale of farms, in the circumstances indicated above.

2nd. Capital required for the consolidation of the progress of rural production has been diverted to *agricultural speculation* and the trade in connection with it.

3rd. Disproportion between the economic capacity of the farmer (colonist) and the requirements of the farm.

4th. Increased consumption and rise in prices: that is, increased business.

5th. Increase of real and personal credit operations to meet the movement, and consequent increase of note circulation.

6th. Among banking operations, those directed to purposes of speculation have had the preference over those relating to productive circulation.

An arrest of the real estate business was enough to disturb all other business; consumption was reduced, there was less work, wages fell, building was suspended. The balance between supply and demand being disturbed, there was an increased demand for money. Many bonds were not taken up and the ordinary credit business was paralysed.

Trade, industry, private business, all had to pay their debts and as they could not do so out of their own assets, which were unsaleable, they were urgent in seeking the only article, the characteristic of which is to be accepted by all, namely money. Hence the extraordinary demand for credit at the banks. A larger supply of money was required, a more abundant circulation, and for this end *rediscunt* (1) was asked, which is nothing but an advance of discount on operations it is hoped to conduct in the future, when the ordinary course of business is reestablished. This necessity is felt in direct proportion to the amount of the business of credit for *production*, characteristic of the Argentine banking system; in the absence of agricultural banks, it is not possible today to separate credit for *production* which does not circulate, from commercial credit, characterised by a rapid circulation.

Distribution. The constant increase of agricultural production, writes Lahitte, proves that profits are derived from it; but, if in the distribution of these, it is found that the gain of the principal producers is not in proportion to that of the merchants, this will lead to a suspension precluding serious disturbance in the national economy. And here the author examines the distribution of the total amount of the agricultural production.

(A) *Land.* — Often the lease does not give the landowners a return in proportion to the real value of the land but, on the other hand, it is known

(1) It has in fact been proposed to found a Discount Bank authorized to issue notes, if need arises.

that the increase in value amply compensates for this apparent loss. The subdivision and the sale of farms, together with the general progress of the country, have brought the landowners immense gains. This is proved by the fact that the organizers of colonisation have multiplied to an extraordinary degree. The same may be said of the middlemen, who, while having nothing to do with agriculture, carry on the business of subletting and make notable profits.

(B) *Labour*. — Farm labour observes Lahitte, both of the workmen of the country and of immigrants is very well paid. Threshers make considerable profits and so do the manufacturers of bags, who receive annually from 49 to 50 million pesos. The same may be said of the dealers in agricultural machinery.

(C) *Capital*. — The 1,200,000,000 gold pesos invested in railways, which make their largest profits by transport of produce are profitably invested, as is seen from the dividends, the reserve fund etc. The grain trade, which controls the market for farm produce and is often associated with colonisation enterprises, is very lucrative: the export trade is prosperous and not exposed to risk. The rural dealer, carried away by the fever of land speculation, could not escape from its uncertainties; he is exposed to all the chances of agricultural business, as he is at once organizer of the colony, purchaser and keeping partner of the colonist and is so closely associated with him that any unsucccess of the farmer must also affect him.

The recent agrarian conflict, especially intense in the Province of Santa Fé, has revealed the precarious situation of the colonist, but here, adds the author, we must make distinctions.

The facts enable us to state that many farmers have made considerable profits, such as to enable them to purchase the land they cultivate. In the last ten years the number of landowners who have from 25 to 300 hectares has increased by 66 % in the Province of Buenos Aires, by 88 % in that of Santa Fé and 917 % in the Central Pampa.

It is certain there was a large *gross profit* and a substantial *net profit*. But the part the colonist receives is unfortunately not what it should be to maintain the economic balance. The situation of the colonist is far worse than that of the other contributors to production, as he lacks technical skill and the necessary knowledge of social conditions and nothing is done to help him to acquire the same. The country is feeling the first effects of this inequality, to which, however, the principal part in the unrest above referred to is not to be attributed.

(Summarised from the Publication of the Management of Rural Economy and Statistics. "*La Situación Económica, Valor de la Producción nacional*". Buenos Aires, 1913).

* *

2. THE NEW NATIONAL CENSUS PROGRAMME AND METHODS. — The Parliament has recently approved the law for the third General Census (1)

(1) The last National Census was taken in 1894.

of Wealth and Population. This work, which has been long called, for, will be of the first importance for the country, not only from a social and political, but also from an economic point of view, since, with the demographic situation of the Republic, it must also show the conditions and the progress made by agriculture, industry, commerce etc., in a word, give an accurate idea of the contemporary life of the Nation.

Agricultural and Livestock Improvement, which, as is known, form the basis of Argentine economy, will derive great advantages from this colossal inventory, as, in examining the various elements, it will indicate the progress made and the new roads to be travelled.

The direction of the census work has been entrusted to a commission composed of Dr. A. B. Martinez who will be the President, Dr. E. Lahitte, Manager of the Office of Statistics and Rural Economy and Dr. F. Latzina, Manager of the Statistical Office at the Department of Finance.

The commission has prepared its programme of work. Let us examine its principal details.

Object of the Enquiry. — First of all, a careful statistical return must be made of the houses in which the population of the Republic live, which will serve for purposes of sanitation and economics. Provision will then be made for the collection of information with regard to the commerce and industries of the country; viticulture and wine making, sugar refining, flour milling, cold storage and other important industries will be dealt with in special monographs. A task of the first importance will be the preparation of a new (1) inventory of the agricultural and livestock wealth of the country. A careful enquiry into the stock of cattle will make it possible to judge whether it is increasing, or diminishing, as is maintained by some, especially on account of the large export of animals and frozen meat to European markets.

To complete the part of the census relating to the national wealth, an accurate return will be made of the State property, which has not been done since 1888.

No less important will be the portion relating to population (2) and education: in a new country like Argentina, possessing so much land and with so scanty a population, it is of the first importance to ascertain the precise demographic situation.

Together with all these works, enquiries must at the same time be undertaken into the various elements of the national life, that is into the means of communication — railways, tramways, telegraphs and telephones — health and public beneficence, the press, the libraries, associations, organizations, personal estate etc.

The census of the population will make it possible to obtain a precise idea of the real number of the people in the Republic, as to which there are now conflicting opinions (3). It will further permit of an opinion being

(1) The last of the kind was made in 1908.

(2) The last census of the population was taken in 1909.

(3) The General Management of Statistics, in its publications to be circulated abroad, calculates the population of the Republic at 6,429,000. Other official publications place it as high as 7,500,000 and even 10,000,000.

med as to which provinces show an increase or decrease and what were the causes of this and will give, finally, the distribution of the population according to nationality, sex, age etc.

Plan of the Preliminary Work. — As regards the execution of the above general programme, it will be for the Argentine people, says Martinez, to prepare their own census return. All well disposed men, loyal to their country, must collaborate in the work, as in obedience to a civic duty.

In accordance with this idea, in every province a central commission will be appointed consisting of eminent citizens, without distinction of territory; in each department there will again be a subcommission appointed. These groups will appoint the agents, whose duty it will be to carry out the work. In every province there will be a paid General Commissioner, who will preside over the commission, and inspectors whose duty it will be to see that the work is regularly carried out. In the frontier districts where the agents must travel great distances, they will be paid. Both the central and the departmental commissions will have paid secretaries. These will have the most burdensome part of the work.

Propaganda. — A great deal of the success of such undertakings depends upon the preparation of the ground. The managing commission, therefore proposes to initiate an active campaign of propaganda in the name of the Republic, for the purpose of acquainting people with the object of the census and showing that there is no taxation snare behind and so winning sympathy for the work to be undertaken. Advantage will be taken of the newspapers, the school and any other means of propaganda.

Date of the Return. — The census of the population will be taken on May 11th., 1913: this day, which was also chosen for the census of 1894, is selected providing the most suitable conditions from the point of view of the weather and of agriculture. At that date there is neither excessive heat nor cold to impede communications: the agricultural work is not very intense. There is also another reason, of national character: as it is desired to publish the results on July 9th., 1916, the first centenary of independence, the date fixed seems the most suitable, since it allows of 2 years and 2 months for the completion of the undertaking, a period, which, in view of the mass of work, is certainly not excessively long.

The statistics relating to livestock will be collected in April.

Work of Abstraction and Compilation. — When the census has been taken the work of arrangement and abstraction will be proceeded with in preparation for the compilation of the return. Only those who have had experience of census work can understand the enormous amount of labour to be performed in these operations, especially when it is kept in mind that in this case it is not a simple census of the population, but a general census. As much said, Martinez already expresses his opinion that it will be difficult, if not impossible, to know all the results of the census on July 9th., 1916, and much more to publish them. Even with a numerous and well trained staff, only a few general tables could be published at that date.

If we remember that the last Argentine census was published five years after the promulgation of the law, and if we consider the time spent in all States in making their respective census returns, it will be no surprise if the new Argentine census return is not ready before the end of 1917.

Publication of the Census Return. — The form in which the census return is published must be similar to that taken by the last census of agriculture and livestock. It will consist of eight volumes. The first will contain a physical description of the country, as complete as possible, but condensed; then there will be a historical account of the principal events of the life of the Nation, and at last study and comment on the various parts (population, agriculture, industry etc), a work which will be entrusted to various specialists. The publication will contain a railway map, diagram and photographs.

The law has provided that a short summary of the work shall also be prepared; it will be translated into various languages, so that it may be circulated in various parts of the world and serve for purposes of national propaganda.

Cost of the Work. — The cost of the census will be more or less heavy, according as the workers are paid or give their services voluntarily, according to the time taken in the work, the style of printing etc. The census return for 1894 cost 1,250,000 pesos m/n, that is 31 pesos per inhabitant.

When it is considered, therefore, that in the last 19 years all prices have risen, as have also wages and salaries, and when the larger amount of work is considered and the greater volume of the publication, we must anticipate a total cost of at least 4,000,000 pesos, representing 50 centavos per inhabitant.

(Summarised from *La Nación*, September, 1913.)

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3. PROVISIONS TO FACILITATE PURCHASE OF BAGS FOR THE GRAIN HARVEST. — It is well known that the cultivation of cereals is of the first importance for Argentine agricultural economy and trade. It is enough to mention that in the year 1912-13 about 5,500,000 tons of wheat and 5,000,000 tons of maize were harvested. For storage and transport of this mass of grain either in the country or to foreign lands, a large quantity of bags is required every year; for the farmer it is, therefore, of vital importance to be able to buy a sufficient number of bags at a fair rate at the moment of harvesting.

If we consider further the conditions under which Argentine agriculture is carried on, the great distances from the centres etc., it is no wonder if the trade in these articles opens the way to abuses on the part of speculators, and the more so when it is protected, as it was up to recently, by heavy customs duties. The producers, in fact, were at the mercy of the dealers who combined to form trusts and the producers had to submit to the conditions these monopolists dictated.

To relieve the situation, the Government began by lowering the import duties: this measure, introduced last year, gave a first check to the manoeuvres of the speculators. But this did not suffice to vanquish the sellers of the trust. They profited by the reduced rates to import foreign grain; it is true the exporters of cereals who are their largest customers, can purchase bags abroad directly, but the small farmers are not able to protect themselves in this way.

To get rid of all abuses, the Government has presented a bill which enables the executive power to regulate prices in the grain bag trade. The Government may use 1,000,000 pesos m/n for purchase of grain bags and straw, at home or abroad, either for its own account or at the request of the farmers. These goods will then be sold to the farmers at cost price, plus the import duty, cost of carriage etc. Severe penalties will be inflicted on any who falsely declare themselves farmers with the intention of making use of the above facilitations and those who trade in the bags purchased.

(Summarised from the *Nación*, August-September, 1913).

BELGIUM.

THE PRINCIPAL QUESTIONS OF AGRICULTURAL ECONOMY DISCUSSED AT THE 10th. CONGRESS OF AGRICULTURE AT GHENT.

SOURCES :

COMPTES RENDUS DU XÈME CONGRÈS INTERNATIONAL D'AGRICULTURE, GAND, 1913 (*Rept. of the 10th. International Congress of Agriculture, Ghent*). Brussels. "General Secretariat of the 10th. International Congress of Agriculture", 1913.

The occasion of the International Exhibition at Ghent was profited by for holding the 10th. Congress of Agriculture from June 8th. to 13th. as it was attended by the most influential representatives of agriculture, who assembled from every part of the world to the busy Flemish city for the discussion of the more serious problems now agitated in the field of agricultural science and economy.

The Congress was divided into five sections: Rural Economy; Agricultural Science, Special Crops, Agricultural Education; Livestock Improvement; Rural Engineering; Forest Economy. The first section, which is of special interest for us, placed the following items on its agenda; 1. Comparative importance of agriculture, commerce and industry in various countries and the measures adopted by the authorities for their advancement; 2. Rural exodus; 3rd. Organization of small rural holdings; 4th. Agricultural credit; 5th. Co-operation among farmers; 6th. Mutual agricultural associations; 7th. Organization of the trade in agricultural produce.

Under these heads in fact may be summed up the whole intellectual movement and the progress now being realised in the agricultural economy and policy of the more advanced States.

Some of these problems, like that of rural exodus, are urgent for Belgium and other countries; it is therefore well to know the conclusions this important congress came to in regard to them. We shall deal with them rapidly in the following paragraphs.

§ 1. RURAL EXODUS.

Rural exodus is a phenomenon which has been more or less observable in recent years in almost every country of Europe, and everywhere the Governments are studying, investigating and making provision in the matter.

It has already been specially dealt with by us in the case of France (1) and Great Britain (2).

It has many causes, the principal of which, as far as the class of agricultural labourers is concerned, according to Dr. Laur, who reported to the Congress on the subject, are :

1. *Wages* : These are generally lower in agriculture than in the other professions. In several cases, indeed the peasants themselves depreciate them, desecanting on the high wages paid by the factories, without taking account the maintenance they sometimes receive in the country or fixing it far below its real value.

2. *The hours of work* : In most countries the hours of work in factories are fixed and Sunday is entirely free. It cannot be denied that, especially for the young, this freedom is of great importance and is often an irresistible attraction.

3. *The nature of the work* : Irregularity of employment is a serious defect of agriculture : the field labourer is unemployed in winter. Besides this, the introduction of machinery has, in many places, added new uncertainty to the problem of labour already so complex.

4. *The social conditions* : In districts in which large landed estates prevail, observes Dr. Laur, and where there is a large agricultural working class, the origin of which dates from feudal times, we find a great separation not only between the labourers and the large landed proprietors, but also between them and the small landowners. Now, under the influence of modern democratic ideas, the labourers have acquired a new conception of their condition and endeavour to escape from their former social relations by means of emigration. Things are different in the districts in which small and medium sized holdings prevail : there many sons of small farmers go to work under others for a longer or shorter period ; the small landholders or tenant farmers also take work by the day under their neighbours and it is no rare thing to see a farm servant dedicating himself to agriculture on his own account. Under such conditions, there being no war of classes, there is no reason for deserting the country.

We must also keep in mind the influence of migratory labourers on the labour supply of a district : many farmers, in fact, when the local labourers have decreased in number and wages risen, have had recourse to migratory labour. In this way, for some time they have made up for the want of hands, but, at the same time, they have caused the remaining local labourers to desert the country, either to escape a reduction of wages, owing to the coming of immigrant labourers, or to avoid having to work with the new men whose skill is often inferior to theirs.

5. *Supervision* : The relations between the agricultural employers and their labourers have for the most part, preserved their patriarchal character ; whereby the former exercise a certain supervision over the private life of their subordinates. The narrow circle of the village also permits of every-

(1) See Bulletin of Economic and Social Intelligence, December 31st., 1911. pp. 227 et seqq.

(2) See " " " " " " May, 1912. pp. 163 et seqq.

one observing the conduct of the others, which is specially disagreeable to the younger members of the community, who seize the first opportunity of abandoning their native village and betaking themselves to the city. On arriving there, they find amusements and interests that are certainly not to be found in the simple and tranquil life of the country.

6. *Possibility of maintaining a family.* Farm servants can seldom have families of their own, and this is often a cause of exodus from districts where small or medium sized holdings prevail. The condition of the day labourers is different: they generally succeed in having families. However, on isolated farms, it often happens that the day labourer is obliged by contract to associate his wife and children in his work at the season of greatest importance. This is a system which in view of the growing scarcity of labour, is tending to become general, at the expense of the labourers' own small farm and his family life. The wife, then, regards emigration as the only escape from the situation and endeavours to persuade her husband to change his profession, which otherwise he would not do.

7. *Social insurance:* As we know, the modern social laws for the most part provide for the insurance of industrial and city labourers. Indeed, in few countries has compulsory insurance been provided also for the peasants, while on the other hand voluntary insurance is still very rare in the agricultural world. This reason for deserting the country naturally weighs less with the young, who, as such, are not always thinking of their old age than with labourers with families, who, on the contrary, have the possibility of enjoying the benefits of social insurance greatly at heart.

8. *Labour bureaux:* According to the same speaker, the organization of the labour bureaux has also contributed to encourage the rural exodus. Thanks to these offices, in fact, the peasant, arriving in town, has no longer the trouble of seeking an employment; while, indeed, often the labour bureaux are directly instrumental in changing the profession of the agricultural labourers, keeping them advised of the situations that become vacant in the town workshops. And it is especially the women that are withdrawn in this way from agriculture.

The influence of the school and of the so called tutelary authorities who often seem to have deserved well of society by inducing a peasant to change his profession, as well as military service, and above all the hope of one day enjoying the favour of fortune and beginning a new life in the town, also serve to explain the fact of rural exodus.

Having thus examined the causes of the phenomenon, the reporter went on to set forth in a long series of conclusions, approved by the Congress, the provisions to be adopted for the improvement of the rural working class, attaching it more firmly to the soil. They are as follows:

(a) Adoption of an agricultural policy favouring the formation of small holdings (home colonisation, facilitation of credit).

(b) Improvement of agricultural technique by the State, associations and private individuals (agricultural education, experimental stations, information offices, grant of subsidies for the execution of farm improvement works, for plantations, livestock improvement, etc.).

(c) Encouragements of small and medium sized farms and the utilisation of raw produce, by means of agricultural organization, information services, the institution of bookkeeping offices, advances of money etc.

(d) War against the enemies of agricultural production and extension of the system of insurance (sanitary police, hail, fire and livestock insurance and insurance against accidents in work).

(e) State encouragements to agricultural production.

To render the country life more attractive and comfortable, the State might further, with advantage intervene, the Congress considered, by improving the sanitary conditions, the roads, postal, telephonic, telegraphic and railway communication, and pursuing an illuminated fiscal policy. This action must, however, be completed by that of private individuals and societies for the promotion of rural welfare.

Another means for checking emigration would be to give the young women an education fitting them to become competent housewives, capable of intelligently and affectionately assisting their husbands. And here it will be well to give the very words of the resolution approved by the meeting in connection with this subject. "The farmwoman must be conscious of the mission entrusted to her, in the education of robust children, healthy in mind and body, provided with a solid education, animated with sentiments giving a serious idea of life, children, finally, who understand the beauty of country life and consider the cultivation of his native soil the noblest profession for a free man."

The Congress finally expressed the following desires: (a) that the large landholders should pass a large part of the year in the country, interesting themselves in agricultural work and exerting a direct influence in checking the exodus; (b) that the question of inheritances should be regulated so that small holdings may remain in the hands of at least one member of the family; (c) that the excessive scattering of the parcels of land belonging to a single proprietor should be avoided and small rural industries encouraged.

§ 2. THE ORGANIZATION OF SMALL RURAL HOLDINGS.

Intimately connected with the preceding subject is that of the organization of small rural holdings. Indeed, one of the acknowledged means for stemming the tide of rural exodus is precisely the extension of the system of small holdings. In almost every State an important movement in this direction may be observed. The conclusions approved by the Congress in connection with the matter are, therefore, specially interesting. They are as follows:

1. The foundation of small holdings is the means for keeping men attached to the soil.

2. The area of the land placed at the disposal of the agricultural labourer must be sufficient to attach him firmly to the soil.

3. The loans granted by the mutual agricultural credit societies for the formation of small rural holdings offer a guarantee of the first order. The States, therefore, should encourage them in every way.

4. The object to be aimed at is the encouragement of the formation of undrainable homesteads, rather than small leases.

The Congress finally expressed its desire that the legislation of the various countries might facilitate the transfer of holdings, endeavouring as far as possible, to imitate the conditions of transfer in force in the case of personal estate, especially as regards sales, succession duties and the division of inheritances.

§ 3. AGRICULTURAL CREDIT AND CO-OPERATION.

Agriculturists generally, and above all the middle agricultural classes, have need of a credit organization suited to their special conditions. After conceding this, the Congress unanimously declared that the institution best suited for conducting agricultural credit business are the small mutual banks for limited areas, firmly united and under good supervision.

The meeting also unanimously recommended the farmers to deposit their available capital in the agricultural credit banks "as the savings of the farmers should in the first place serve to advance agriculture."

It is consoling to observe that, with similar desires, all the States of Europe have rivalled each other in promoting credit associations and the movement has crossed the oceans and manifested itself in Japan in the colonies, in French Africa and India, and even new countries, where there is much land and as yet the inhabitants are few, feel the need of credit establishments; so, in the United States, the agricultural world is now agitating for the organization of credit after the model of the European countries.

Another subject of not less interest was that of agricultural co-operation, now in favour in all countries and most variously applied. The Congress considered it advisable first of all to define its conception of agricultural co-operation. It understood by the expression "the agreement by which farmers unite all or part of their economic activity for the accomplishment of definite operations for the special advantage of those associating and share the savings obtained by the elimination of the middlemen's profits." Two principles were therefore, accepted as characteristic of the co-operative societies; the first, that the eventual contributions of capital can only directly or indirectly give an income at a certain rate, now as a rule 4 %. The excess revenue each year may be repaid as refunds or set apart to form a reserve fund or employed for purposes of collective utility. The voting rights must be the same for all. The second principle was that the reserve fund can only be divided when the rules allow of it. Such division, as also that of the annual surplus, must be made among the associates in proportion to the business done by them.

with the society. The inalienability of the reserve fund is, however, to be preferred.

Desire was also expressed that local, regional or central co-operative societies should be formed by the agricultural associations, with districts of equal area under their supervision. The associations must, however, first decide whether it is not best for them to assume the functions of co-operative societies themselves, or found special organizations for the purpose.

Further, a remarkably important declaration was that of the legality and utility of the intervention of the State in organizing agricultural co-operative societies, on condition, however, that its financial assistance be subsidiary and temporary.

The Congress finally adopted the following classification of the rural co-operative societies into five groups, for various objects :

1st., mutual agricultural credit; 2nd., collective production; 3rd., collective purchase of farm requisites; 4th., collective sale of agricultural produce, raw or manufactured; 5th., mutual agricultural insurance.

§ 4. MUTUAL AGRICULTURAL INSURANCE.

With regard to this matter, the Congress, recognising the importance of insurance organized on mutual lines, both on account of the savings it permits of being made, and its moral effects, expressed the desire that the intervention of the State in the work of the mutual societies may be so ordered, that they may be able to preserve their co-operative character, in which their strength and their social value consists.

UNITED STATES.

I. THE AGRICULTURAL DEVELOPMENT WORK OF THE UNITED STATES RAILWAYS.

SOURCES:

RAILROADS AND FARMING. U. S. Dept. of Agriculture. Bureau of Statistics, Bulletin 100.
COMPARISON OF CAPITAL VALUES: AGRICULTURE, MANUFACTURES AND THE RAILWAYS.
Bureau of Railway Economics. Washington, D. C.

§ I. THE IMPORTANCE OF AGRICULTURE TO THE RAILWAYS.

In the early days of railway building in the United States, the farmers were the enthusiastic supporters of every project for a new line, and the first in urging on Congress the policy of making special grants and generous concessions to the companies. However, after the anti-railway agitation of the years 1870-74, — the so-called "Granger" movement, — it had grown almost to be a tradition that the railway companies were antagonistic to the interests of the farming class, and the opinion continued to be widely held until within the last ten or twelve years.

The work of the Interstate Commerce Commission in adjusting freight rates did much to prepare the way for the change which to a large extent has already taken place, and its work has been supplemented in nearly all of the States by the regulation of the railways either through general bodies known as Public Service Commissions, or by specially created Railway Commissions. Charges against railway companies are examined by these Commissions, so that any real grievance on the side of the farmers can be promptly and equitably adjusted, while the companies are protected from such hasty and ill-considered legislation as marked the years 1871-74 in many of the States. The railway companies, on their part, have come to realize the importance of agriculture to their own prosperity and many of them, in addition to providing a quick and efficient service for the carriage of farm produce, are spending money directly for the promotion of agriculture. It is our purpose to review here some of their work in this direction. We may note that the railways are not alone in being prompted by an enlightened self-interest to offer encouragement and aid to the farmers of the country. Numerous development associations have been formed, generally

with the primary object of bringing in new settlers who will become farmers, and among the members of these associations are to be found not only railway and steamship companies, but also lumber companies, insurance agents, bankers, wholesale and retail merchants, and manufacturers. The American Bankers' Association, too, has itself recently appointed a Committee on Agricultural and Financial Development and Education.

There are two main reasons why the railways of the United States find it to their interest to assist in every possible way the development of agriculture. In the first place, a large part of their revenue is derived from the carriage of farm products. For the year ending June 30th 1910, the revenue from four classes of farm products — grain, hay, cotton and livestock — amounted to 97 million dollars for these railways only which reported to the Interstate Commerce Commission. These railways carried about half the total tonnage of the country, so that, on the basis of the figures quoted, we may calculate that 10 per cent of the total freight revenue of the United States railways is derived from the carriage of grain, hay, cotton and livestock. These four products represent about half the total amount of farm produce carried by rail, and, assuming that other products have about the same freight-yielding capacity, we may conclude that the revenue from the carriage of farm produce amounts to 20 per cent of the total freight revenue.

In the second place, the companies have had for sale large areas of land which had been granted to them by Congress as an inducement to build the railways. The first land grant was made to the Illinois Central Railway in 1850, and was immediately followed by grants to other railways, the different States competing for the construction of railways in their territory. The total area of public lands granted to railway companies, up to June 30th 1911, was 115,500,000 acres, which is equal to more than the total area of the seven Atlantic States from New York to Virginia, inclusive. For more than sixty years, therefore, the railway companies have been directly interested in attracting settlers, and especially farmers, into the districts through which their lines run. West of the Mississippi there is still much unsold land belonging to the railway companies. One company, for the year ending June 30th 1909, reported the sale of 349,961 acres; another reported the sale of 184,069 acres; and a third, the sale of 80,464 acres, though most of this land, in each case, was owned by others and advertised on their behalf by the railways in question.

Another important supply of farm land, in the settlement of which the companies are interested, is the land open to "homestead entry", the undeveloped land offered to persons who will establish homes thereon. Up to June 30th 1911, title had been granted to 123,500,000 acres, the area assigned to settlers during the year ending June 30th 1911, being 7,700,000 acres. From encouraging settlers to take up farms, it was a natural step for the companies to undertake instruction in farming, and offer their advice and co-operation to farmers with the object of securing the best results possible from the land. This educational work is much newer, having come into vogue largely within the past ten years.

§ 2. THE WORK OF THE RAILWAY COMPANIES.

Many of the companies have created special divisions charged with the work of attracting settlers, the official at the head of the division being known as the Immigration Agent or the Commissioner for Immigration. Soliciting immigrants from foreign countries is now usually but a small part of his work, most of the farmers who move into districts advertised by the railways coming from other parts of the United States. One part of the country to which, at the present day, systematic efforts are being made to attract settlers, lies south and west of the Missouri River, and west of the lower portion of the Mississippi River. Another extends from the Ohio and Potomac Rivers southward to the Gulf of Mexico. Some of the new lands in the West to which the railways are trying to draw settlers are in the recently irrigated sections west of the Rocky Mountains, and in regions made accessible by the opening of new railways, as in central Oregon. Attempts are also being made to attract farmers into eastern New York and the New England States; into Wisconsin, where they are offered cleared timber lands; and into North Carolina, where drained swamp land is available for settlement. No figures are obtainable as to the number of farmers moving into these regions and we can only form a general idea of the kind of movement which is taking place from the statements of those engaged in soliciting settlers.

The farmers moving into eastern New York come chiefly from the North Central States with a certain proportion from Norway, Sweden and Denmark; the region between the eastern slope of the Rocky Mountains and the Pacific draws its settlers chiefly from the northern part of the Mississippi Valley; while the farmers taking up land in the South Atlantic and South Central States are reported to come chiefly from the North Atlantic and North Central States.

The railway companies make known the attractions of new districts through printed pamphlets, advertisements in newspapers and other periodicals, lectures and exhibitions. The descriptive pamphlets are illustrated by photographs, not only of livestock and soil products, but also of landscapes, groups of farm buildings and general views, so as to serve, to a slight extent at least, as a guide to the farmers seeking a new home. Some of the exhibitions — those, for example, at the Land Shows at Chicago and New York — are on a large scale, and represent the combined effort of several companies. Other exhibitions are moved from one town to another until a wide circuit is completed; while in another form, the exhibition is housed in a special car which travels from point to point on the railway, thus giving the people even in the very small places, an opportunity of seeing the exhibits.

As an inducement to prospective settlers to visit the places advertised, many railways offer excursions at low rates. The tickets are generally available for about 25 days and enable the holder to make a round trip within

certain territory and visit such places as interest him. The railways, too, issue passenger tickets at reduced fares to actual settlers and their families, and carry settlers' effects at very low freight rates.

Much advertising matter is printed and distributed at the joint expense of a town or county and the railways; and railway immigration officials co-operate with State immigration boards in attracting settlers.

That the efforts of the railways meet with considerable success may be judged from the reports of the agents. One of the railways in the South Central States reports that in the four years ending May 31st 1910, 92,683 families settled in the territory tributary to its lines. The agent of one of the railways along the Atlantic seaboard states that, in one year, about 4,000 families were successfully established on farms along his route. The agent, for another of the lines reaching into the South Central States reports that in the eight years ending with 1910, 300,000 acres of land had been sold to about 2,000 settlers.

The efforts of the railway companies to promote agricultural education are made, as a rule, in co-operation with Federal or State authorities, or local bodies interested in agricultural development.

Agricultural instruction trains are an example of such co-operation. Many railways run such trains regularly, the trips occupying, in some cases, two or three months; other railways organize demonstration trips at irregular intervals. As a rule the company provides the train, either gratis or at a very low rate, and advertises the trip along the intended route. The exhibits are usually arranged by the State Experiment Station, which also provides travelling lecturers. The instruction may be devoted to a single topic — alfalfa growing, for example — but as a rule it covers a number of subjects adapted to the type of farming throughout the district covered. Thus, in the South, such subjects as diversified farming, good roads and the cotton-boll weevil have received considerable attention; in the North Central States, grain, bacon production and silos are favourite topics; while in the Mountain States, instruction is given in fruit growing, rotation of crops and conservation of moisture. The value of the instruction given is undoubtedly great, and the scheme is eminently practical. Some of the demonstration trains are models of completeness and stiltiness. Many of them carry exhibits of live stock, the property of the State Agricultural College, and at least one of them included a model silo constructed on a flat railway wagon. One railway reports that the instruction trains run over its lines between September 5th 1910, and April 25th 1911, covered 8,905 miles in 70 days, and provided for 597 meetings, which were attended by 147,000 people. On another railway, one train covered 3,436 miles in 68 days, and stopped for 223 meetings at which the attendance was reported to be 73,000.

Many of the companies employ an agricultural expert, and it would be part of his duty to organize instruction trains. His work consists chiefly in visiting farms and giving advice to farmers, in supervising a demonstration farm, and in assisting State or Federal agricultural authorities who are carrying out experiments or giving demonstrations in his territory.

In 1911, railways were conducting experimental or demonstration farms in the States of Maine, New York, Delaware, Virginia, North Carolina, Montana and Texas. The farms, as a rule, are occupied with some single branch of agriculture in the extension of which the companies are directly interested. Thus, along the Atlantic coast, several of them are devoted to showing the possibilities of vegetable growing; and one farm, on the slope of the Blue Ridge Mountains, is devoted to fruit.

The railway agriculturist makes more extensive use of the system of demonstration plots on private farms. In this case the farmer, as a rule, is paid for the use of an acre and is supplied with seed, and perhaps with some special implement such as a subsoil plough. He is required to follow the instructions of the agent, and in return for his co-operation is given the crop produced. It is claimed that the farmers take more interest in the experiment when it is carried out by one of their neighbours on a farm similar to their own. One railway had 44 such plots in July 1911, and another reported several hundred under its supervision at the same date.

The representative of the railway is often occupied with work in connection with farmer's associations, either as a consulting expert or as an active organizer. One railway sent an agent through its territory to organize livestock breeders' associations which were encouraged to hold public sales of registered stock. During the year following their formation, 20 car-loads or 400 head of pure-bred stock were imported into the district served by the railway. Some of the agents also take an active part in organizing the marketing of farm produce, but as a rule they confine their efforts in this direction to the first few seasons among the early settlers in new districts where the farmers have not had time to organize associations of their own.

The agricultural agents fulfil another useful function in helping farmers to find labourers. One of the railways most active in this work adopts the following plan. The farmer who wishes to hire a man fills in a form stating the kind of labour to be done, the wages offered and any other particulars which will guide those who are to seek for a suitable labourer. This form is handed to any railway station agent who forwards it to the proper official. The request is then handed on to the State Department of Agriculture. When it is necessary for the farmer to advance money to pay the labourer's railway fare, he may remit it through the passenger office of the railway. A corresponding service is rendered in finding employment for farm labourers, information being published regularly with respect to the demand for farm labour in the various districts.

The forestry work now being undertaken by some of the railways is of considerable importance, contributing as it does, in the most direct way possible, to the conservation of the natural resources of the country.

The planting of forest trees and the systematic preservation of existing forests is undertaken by the companies in their own interests, with a view to future supplies of timber for railway construction and up-keep.

The first planting by a railway company reported to the Government Forest Service was of 400 acres of catalpa trees planted in Kansas between

1879-1882. For many years no further planting was carried out, but in 1900 again a number of railways began forestry work, and by 1905, an area of 2,119 acres, distributed over a number of States, had been planted. Since 1905, schemes on a much larger scale have been initiated. A plantation of eucalyptus trees is being made in southern California at the rate of 50 acres a year. Up to the end of 1911, 2,250 acres had been planted with about 2,000,000 trees, at an average cost of a little over \$ 32 an acre. When complete the forest is to contain 7,000 acres.

One of the eastern railways had planted 2,950 acres at the end of 1911, the trees being chiefly oak, locust, Scotch pine, European larch and Norway spruce.

A third company which began forestry work more recently than either of the above, planted about 18,000 trees in 1908, 360,000 in 1910, 381,000 in 1911, besides sowing 25 acres with seed of forest trees, in 1909, and placing 100,000 acres under systematic forestry management.

§ 3. SUMMARY REPORTS OF THE AGRICULTURAL PROMOTION WORK OF REPRESENTATIVE RAILWAYS.

The above-indicated services are undertaken by at least some of the railways, though probably no single railway attempts to perform all of them.

It may be useful to present here, in summarised form, a few typical reports on agricultural promotion work, prepared by the railways in answer to the information of the Bureau of Statistics of the U. S. Department of Agriculture.

Railway A. — This company received a land grant of 606,000 acres which included meadow land, land in timber and considerable stretches of swamp. As rapidly as the timber is cut, the land, where suitable, is being sold for farms, and every endeavour is being made to attract settlers. For the purpose of testing the agricultural value of the land, the company has operated a demonstration farm for the past three years, and has conducted experiments in soil treatment and crop rotation on separate plots. An agricultural expert is employed to supervise the farm and travel throughout the territory to advise new settlers, organize farmers' clubs and assist farmers generally. He must devote at least two-thirds of his time to travelling instruction work. In each of the past two years a demonstration train has made a trip lasting two weeks. Lecturers were furnished by the State University, and the subjects dealt with included dairying, potato and cabbage growing, poultry rearing and marketing.

The company gives annually \$ 100 in special prizes to each county or held within its territory.* A special prize is given for the best exhibit of agricultural produce shown by any boys' or girls' farm club.

Railway B. — The company distributes seed and fertilizers to farmers with the understanding that they are to be used according to instructions on demonstration plots with easy access of the railway. In addition, it runs agricultural instruction trains, and offers prizes at the annual county fairs.

The company publishes a monthly agricultural bulletin which is distributed gratuitously to farmers. It is of an instructional nature, but use is made of it as a medium for advertising the products of the district. Agents of the railways assist in organizing fruit and vegetable growers' associations and in finding markets for produce.

Railway C.—The company has induced owners of large tracts of cleared timber land to subdivide them into farm lots, and sell these at reasonable prices and on liberal terms of payment. Settlers are secured by advertising. In the past year, 8,000 acres of cleared land were brought under cultivation in one county through which the line passes.

An expert in the growing, packing and shipping of fruits and vegetables is employed by the company, which also encourages better farming by offering prizes, organizing corn clubs, sending out demonstration trains and holding exhibitions of farm produce.

Railway D.—This company promotes the reclamation of swamp land by individual owners, and the acquisition of cleared timber land by large colonization companies which make it available for small farmers.

The company has recently run a demonstration train over the whole line, conducting a campaign in favour of road improvement. It has taken an active part in organizing and assisting livestock breeders' associations.

The company publishes and distributes a soil and geological map of the district, as well as pamphlets on Lands for Sale, Agricultural Products, Timber Resources, Tobacco Growing, Poultry and Egg Production, etc. The company advertises its line extensively in the Northern States, from which it draws most of its settlers.

§ 4. THE WORK OF THE RAILWAYS BY TERRITORIAL GROUPS.

It is not possible to find a satisfactory measure by which we can estimate the value of the agricultural promotion work done by the railways or compare one railway with another. We may gain some idea of the development of the work by adopting as our basis the railway mileage, or the total area served by railways making organized efforts to promote agriculture. From tables compiled by the Department of Agriculture, we find that 76 per cent of the total railway mileage of the United States is operated by companies which in the year ending June 30th 1912, were making such efforts.

The companies working to secure new settlers along their line, were operating 62 per cent of the total mileage of the country; the companies engaged in promoting agricultural education were operating 70 per cent.

For purposes of comparison, the territorial groups, as defined by the Interstate Commerce Commission, are taken as a basis. The railways are most active in Group VIII, (Kansas, Oklahoma, Arkansas and parts of Missouri and Colorado), where 88.9 per cent of the total mileage is operated by companies making active efforts to promote agriculture. The correspond-

ing percentage is lowest in Group III, (western New York and Pennsylvania, Ohio, Indiana and southern Michigan), where it is 58.2. Even in this region, however, where the railways would appear to be least active in assisting agriculture, more than 15,000 miles are operated by companies which undertake some form of agricultural instructional work. The activity of the railways in any particular region is naturally determined by their opportunities, which depend upon such factors as the amount of virgin or newly settled land within the territory, the prevailing type of farming, the facilities for marketing produce, and the nationality and character of the farm population. In the Middle Atlantic States, for instance, the railways do practically no work in attracting new settlers; in the region comprising Nebraska, Wyoming, Montana and parts of North and South Dakota, where there is still much land available for settlement, all or nearly all the railways are actively engaged in such work.

Instructional work is more evenly diffused throughout the whole of the country. Companies engaged in systematic agricultural instruction operated 174,000 miles of railway and the counties into which the lines entered constituted 83 per cent of the total land area of the country. It is assumed, for the purpose of comparing one district with another, that a country through which a railway line runs, comes to some extent at least under the influence of any agricultural promotion work undertaken by the railway company. This would probably be true as regards the agricultural instruction and organization work of the company, but the land settlement work of any railway may be confined to one or two counties only along its route. It would not be fair to compare the work of one railway with another on the mileage basis which has been adopted for groups of railways. One company may have a smaller mileage than another but may carry out work in connection with agriculture on a more extensive scale, with more energy and with greater success. It is only possible to compare the railways by groups because in each group there are some that do much for agriculture and some that do little, and it is assumed that a kind of general average of activity is arrived at by including all the railways of a district in a single group.

The net results of the efforts of the railways in the cause of agricultural advancement cannot be determined with any exactness. Much educational work admits of no exact measurement, and the influence of the railways is often only one of the factors among many contributing to a certain result. Whenever possible the railway companies work in connection with public or semi-public institutions, and it is impossible to assign credit for the results achieved either to the one or to the other. It is the combination of the two factors which forms the effective instrument. This much at least is clear, that the railways companies in the United States recognize that in promoting agriculture they are promoting their own interests; and further that they are in a position to lend effective aid to State or other institutions connected with agriculture.

2. PUBLICATIONS OF RECENT DATE ON AGRICULTURAL ECONOMY IN GENERAL IN THE UNITED STATES.

OFFICIAL BULLETINS AND REPORTS:

(a) Federal Government Publications:

OFFICIALS, ORGANIZATIONS AND EDUCATIONAL INSTITUTIONS CONNECTED WITH THE DAIRY INDUSTRY IN 1912. U. S. Dept. of Agriculture. Bureau of Animal Industry. Circular 204.
SUPPLY OF FARM LABOUR. U. S. Dept. of Agriculture. Bureau of Statistics. Bulletin 94.
SYSTEMS OF MARKETING FARM PRODUCTS AND DEMAND FOR SUCH PRODUCTS AT TRAIN CENTRES. U. S. Dept. of Agriculture. Office of the Secretary. Report No. 98.
TOBACCO MARKETING IN THE UNITED STATES. U. S. Dept. of Agriculture. Bureau of Plant Industry. Bulletin 268.
WAGES OF FARM LABOUR. Nineteenth Investigation, in 1909. U. S. Dept. of Agriculture. Bureau of Statistics. Bulletin 99.

(b) State Government Publications:

ANNUAL REPORT (30th) OF THE CONNECTICUT AGRICULTURAL EXPERIMENT STATION, FOR THE YEAR ENDING OCT. 31, 1912. State of Connecticut. Public Document. No. 44.
HANDBOOK OF AGRICULTURAL LAWS. Department of Agriculture. State of Tennessee. Nashville, 1912.
LAWS OF VERMONT RELATING TO AGRICULTURE, REVISED TO INCLUDE THE ACTS OF 1912. Rutland, Vermont, 1913.
MUNICIPAL MARKETS: REPORT UPON CO-OPERATION AND MARKETING, PART II. Wisconsin State Board of Public Affairs. Madison, Wis., 1912.
REPORT OF THE BOARD OF AGRICULTURE OF THE STATE OF SOUTH DAKOTA. 1912.

OTHER PUBLICATIONS:

BLACK, ELMER: A Terminal Market System: New York's Most Urgent Need. New York: The Willett Press.
BUREAU OF RAILWAY ECONOMICS: Comparison of Capital Values: Agriculture, Manufacturing and the Railways. Washington, D. C. 1912.
GILLETTE, J. M.: Constructive Rural Sociology. New York, 1912.
KING, CLYDE LYDON: A Study of the Trolley Light Freight Service and Philadelphia Markets in their Bearing on the Cost of Farm Produce. Philadelphia, 1912. Dept. of Public Works.
ROBINSON, LEONARD G.: Agricultural Activities of the Jews in America. The American Jewish Committee. New York, 1912.
SEMPLE, ELLEN C.: American History and Its Geographical Conditions. London, 1913. Constable.
WILSON, WARREN K.: The Evolution of the Country Community: A Study in Religious Sociology. Boston, 1912. The Pilgrim Press.

FRANCE.

LAND REGISTRATION IN MOROCCO.

SOURCES :

BULLETIN OFFICIEL DU PROTECTORAT (*Official Bulletin of the Protectorate*) No. 46.
BULLETIN DU COMITÉ DE L'AFRIQUE FRANÇAISE (*Bulletin of the French African Committee*),
October, 1913.

At the end of the 46th number of the Official Bulletin of the Protectorate, in which the future laws for Morocco will be published under form of Decrees, there is a Decree of August 12th., 1913 on registration of real estate.

This addition to the laws introduced by the Protectorate in Morocco was both necessary and expected; it was absolutely necessary to allow the owners of real estate to free their property from all uncertainty, obscure claims and risk of dispute to which they had been exposed by Mussulman law and even more by anarchy, we may say by the absolute want of regulations governing landed property in Morocco. The object of the introduction of land registration in Tunis was to give the landowners clear and indisputable titles, excluding all other claims; this benefit it will also confer on Morocco. The Decree we are about to consider gives ample security to the rights confirmed by registration as well as to those who may suffer by it. By the value it gives to the title deed legally delivered, it makes the position of the real estate to which it is applied absolutely clear.

§ 1. PROCEDURE OF REGISTRATION.

Let us summarise the procedure. A registrar of landed property and mortgages is appointed in connection with every court of first instance to keep the land register of the district and register real estate. When the possessor or the holder of certain real rights enumerated in the Decree applies for registration of real estate, giving all possible particulars, the above officer fixes a date for the provisional delimitation. Notice of this must be immediately published, so that any whose rights might suffer may be advised

and intervene; notice must be posted in the office of the local magistrate's court, in the offices of the caïd and of the çadi of the district; notice must also be given every week on the markets. That business transactions are not made public is in fact one of the evils of the land regime of Morocco, or rather of the absence of any such regime.

The object of the provisional delimitation is above all to remedy this, and show clearly on the land to which rights are alleged, what is being done. The delimitation must be carried out by the registrar of landed property or his delegate, assisted by a surveyor of the topographical service, an officer whose appointment is absolutely necessary. In the provisional delimitation, at which the presence of the applicant and also of the neighbouring landowners and any intervening parties who have come forward is invited, the presumed limits of the real estate and the portions in dispute are fixed by landmarks. A plan of the provisional delimitation and a report mentioning any incidents and opposition met with are prepared.

Then notice is published that within a term of two months, any objections to the registration will be received by the various French and native officers at whose offices the notice of the provisional delimitation was posted. Objections may be made by way of oral declaration, which is an absolutely indispensable arrangement in a country where the illiterate are in the majority and where titledeeds are rare, traditional occupation being very often the sole proof of the holder's right.

If there are no objections, the officers charged to receive them send the registrar a certificate to that effect and the registration takes place unless the attorney, acting for the Government, to whom the proceedings must be communicated before any decision can be taken, applies for a delay.

In case of objections, a copy of them is forwarded by the registrar to the applicant for registration, who has a month in which to obtain their withdrawal. If he cannot do this, the question is referred to the court of first instance, the president of which immediately appoints a judge to report.

He orders the objectors to present their documents and memoirs to him within a fortnight. He may—as is necessary in this country where documents are rare and doubtless not too authentic or clear—himself visit the real estate in question in order to proceed on the spot to an examination of the titles or to an enquiry. Then, after a week's notice given to the parties, the case is tried by the court, with which two Mussulman assessors are associated, for purposes of consultation only.

Appeal may be made against any judgment in a matter of registration. The same precautions exactly are used in the hearing and deciding of an appeal as in the first instance.

The matter is then irrevocably settled: recourse can not be had to the court of cassation, except on application of the attorney general and only in the interest of the law.

As we have said, the title given in absence of opposition, or in accordance with the judgment and accompanied by a plan consigned by the registrar

of real estate, is unimpeachable. No claim may give rise to a suit for its annulment or modification. Only rights constituted after the consignment of the title deed will be entered in the land register. The Decree contains further a whole series of provisions to ensure that the register of rights over real estate shall be kept up to date, in spite of division of property, sale, mortgage and other transactions affecting the land. By registering every deed affecting the rights over the land, any reversion to the previous disorder will be definitely averted.

Such are in outline the procedure and the results of registration. As we see, every precaution has been taken to allow of the production of the various claims and to cause their presentation before the expiration of the term makes the registration irrevocable. Thus the Decree reconciles both interests of which account has to be taken in such a case, that of confused and ill defended rights, and that of liquidating, so to speak, the ownership, rendering the title clear, definite and unimpeachable.

§ 2. APPLICATION.

But we must not be deceived. However wise and prudent the provisions of the law may be, they will not be easy of application under the land system existing in Morocco. If the judge reporting or the judge in the appeal court bases his sentence on the documents spoken of in many of the articles of the decree, he will be seriously liable to base it on forgeries. -- The industry of forging title deeds has flourished alarmingly in recent years in the richest rural regions of the Moghreb. If, on the contrary, understanding the situation, the judges wish to hold enquiries on the spot, they will find it very difficult to separate the truth from the tangle of lying statements. Owing to their ignorance of the language, they will be at the mercy of interpreters, who will present the matter to them from the point of view most favourable to the interests of the party who has shown himself most generous to these auxiliaries of justice.

This is to say that, efficacious and sound work in this department demands a class of officers of rare value. No text, however perfect, in such a difficult environment, can supply the want of intelligence, capacity and sound conscientiousness on the part of those applying it.

§ 3. POSSIBLE EXTENSION.

The Decree on Registration certainly does not solve the land problem of Morocco and makes no pretention to do so. By declaring that it will only be applied in those portions of the Empire to be indicated hereafter, its limits, and in this it is wise, its field of action to the districts provided

registration optional, it recognises that its procedure is not to serve for the classification of the land of the district in which it is applied.

This is easy to understand, for otherwise the Decree would be equal to an order to establish the cadastre in such or such a part of Morocco. That is a step that might be defended, but it should be openly called by its name, while registration would be only one of its consequences.

It is however to be desired that as near as possible an approach be made to the establishment of the cadastre in those regions to which the Decree is applicable, by encouraging the landowners in every way to register voluntarily. The best will be to render the expenses in connection with this as low as possible and, according to the Decree, they will be fixed by future regulations. The Bulletin of the French African Committee suggests that perhaps it would be possible to encourage the natives to register, by granting them facilities for the payment of the costs, or temporarily reducing the land tax in the case of registered land. It is possible that, in the long run the Treasury would not lose if in this way a more precise knowledge were acquired of the land to be taxed.

It may finally be asked whether registration should not be made compulsory in one case, that of transfer of land with certain obligations. Certainly it is very easy to understand why the administration of the Protectorate should hesitate to trouble the native population by a compulsory examination and registration of all the land. But one does not see any serious reason why all sales should not be preceded by the formalities of registration, making quite clear the rights sold. Purchase is almost always made by Europeans or by natives acting for Europeans, or dealers in land speculating on the foreign demand, all of them accustomed to litigation to whom an operation such as registration would scarcely be any trouble at least in their lawful business.

By compelling registration in every case of sale, a double advantage would be obtained, the real estate in question would be definitely rescued from the general confusion in which land is involved, and the purchase of real estate would no longer give rise to the disorders and abuses which have too often accompanied it.

It is probable that, at no distant date, a new Decree may meet this evident necessity. Meanwhile, the Decree instituting optional registration introduces a great improvement in Morocco. The existence of a procedure for registration will allow honest purchasers, seriously desirous of improving their land, to escape from a condition of disorder that only benefits others. Registration, even optional, will contribute to disentangle the inextricable knot in which the Protectorate found the land involved in Morocco. The early European immigrants, whose purchases were the principal cause of the confusion, are for the most part speculators who purchased in order to sell to new comers. Now, when the system of registration has been working some time, it will be difficult to induce would be purchasers to acquire rights which are not clear or cannot be made so by the procedure of registration, before the final conclusion of the contract. To refuse to register would raise doubts and suspicions in regard to the land and render

it almost unsaleable. Thus, the decree we have just analysed renders more difficult and less lucrative, speculation in those title deeds, so often forgeries, by means of which fictitious rights were superposed upon the legitimate rights honestly held by the occupants of the soil in virtue of their traditional occupation of it; the ideas that find acceptance among them never led the peasants to believe in the necessity of title deeds while they possessed, as an inheritance from their fathers the enjoyment of the land and itself. The moral impossibility of selling without registration will doubtless soon make examination into doubtful purchases necessary and bring a remedy in the case of real usurpation. Thus even optional registration will have indirect effects no less beneficial and more extensive than those directly contemplated by the still very prudent decree ordering it.

GREAT BRITAIN AND IRELAND.

THE SYSTEMS OF LAND VALUATION IN THE UNITED KINGDOM.

by

C. GERALD EVE

Fellow of the Surveyors' Institution (England); Superintending Valuer, Inland Revenue.

INTRODUCTION.

In so far as the compass of an article permits, an attempt is here made to explain the existing systems of the valuation of land in connection with its assessment to rates and taxes to meet local and imperial expenditure. The expression "land", throughout Part I of this article, includes the buildings and improvements upon it. The general remarks apply to England and Wales, and the variations applicable to Scotland and Ireland are dealt with separately.

Until the introduction of the famous budget by Mr. Lloyd George, which became law in April 1910, *annual or rental* values were the sole basis of all valuation, except as regards Estate (Death) Duty imposed in 1894. In the Finance Act of 1910, *capital or selling* values are, with that exception, for the first time introduced into the country's fiscal system. It should be carefully noted that the new valuations and land taxes consequent upon the Finance Act, 1910, are in addition to, and in no way repeal or vary, the previous systems of valuations; the imposition of the previous rates and taxes remains unimpaired.

It is therefore desirable at the outset to review generally, under Part II of this article, the systems in force prior to 1910, but prefacing that it is doubtless intended in the near future to unify completely the various systems of valuation so as to remedy the undue number and overlapping powers of valuation authorities, the complexities of areas, the extravagant cost of administration, and the trouble and perplexity to the owners and occupiers of land.

The imperative need for such a remedy becomes apparent when it is realised that no less than six classes of valuation authorities each have power to value land for the purposes of raising rates and taxes.

The Royal Commission on Local Taxation in 1899 reported:

"A general desire has been expressed by most of the witnesses, and in a number of resolutions that have been forwarded to us by public bodies, that it is desirable to have one valuation authority, and one system of arriving at valuations for the whole rating area over which common rates are raised; that upon such valuation all rates and taxes, both for local and imperial purposes, should be charged and levied; and, further, that, if possible, provision should be made to obtain uniformity in valuation throughout the whole country."

They stated that such a system would minimise expense, trouble and convenience, and result in uniformity.

A Departmental Committee has for some time been sitting, "To inquire into the changes which have taken place in the relations between imperial and local taxation since the Report of the Royal Commission on Local Taxation in 1901; to examine the several proposals made in the report of that Commission, and to make recommendations on the subject for the consideration of His Majesty's Government, with a view to the introduction of legislation at an early date."

This Committee has not yet reported nor given any indication as to the nature of its conclusions, but it is generally recognised or expected that it must of necessity advise that only one valuation authority should exist, which should be empowered to fix values of land on either an annual or capital basis, or both, and that on such values all rates and taxes should be imposed. Inasmuch as the Finance Act, 1910, created a Governmental Valuation Office under the Inland Revenue Commissioners for the purposes explained in Part II of this article, and directed the Commissioners to re-value on a capital or selling basis the whole of the United Kingdom, it is conceivable that such Valuation Office may become the valuation authority.

At the present time, therefore, the entire system of valuation and the incidence of rates and taxes on land must be considered as in the melting pot. The principal points for decision are:

- (1) what should be the valuation area for local rating; in other words over what area should local expenditure be spread as a common charge.
- (2) by whom should the valuation be made.
- (3) should the basis be annual or capital values.
- (4) should any taxation be imposed on sites to the relief of buildings and improvements thereon; if so up to what point in the past should improvements be regarded, especially in connection with agricultural improvements.

The present systems of valuation and taxation are a historical product, a natural result of economic and political forces. This natural growth of past centuries has now become a sickly plant among the great political and administrative changes or reforms of the present times. Indeed the need of remedial measures has been a favourite theme of statesmen of both political parties in the state for over half a century.

Those who are prominent in assailing the existing cumbrous systems desire fundamental and profound changes in the incidence and subject matters of taxation, and demand an entire reconstruction and a taxation of ground or site values. It is perhaps unfortunate that the consideration of so important and far reaching a question should of necessity be conducted in an environment and period of acute political differences. The enormous increase of national expenditure and consequent taxation has played a great part in drawing general attention to the desirability of re-adjusting the relative proportion in which local rates and imperial taxation should contribute to the aggregate expenditure, to the need of reconstituting and simplifying the system and basis of valuation, and to the degree in which land as apart from other forms of wealth should participate in the burden of taxation.

A growing system of grants from the imperial revenues in aid of local rates, instituted first in 1889, has made large inroads into old principles. This system is now generally admitted to be unsatisfactory and a permanent solution is needed.

PART I.

SYSTEMS OF VALUATION IN FORCE PRIOR TO 1910.

Proceeding now with the review of valuation systems (excluding that of the Finance Act, 1910, dealt with in Part II) the valuation authorities are six in number, and make valuations for the purposes of:

- (1) Taxation of Landlord's Income from landed property.
- (2) Rate for the Relief of the Poor; so called from its originating for that purpose in the sixteenth century after the dissolution of the Monasteries, but now raised for many local purposes.
- (3) The County Rate.
- (4) The Borough Rate.
- (5) The Land Tax (adjusted chiefly in the years 1693, 1798 and 1896).
- (6) Death Duties.

Taking these *seriatim* the first is:

§ 1. TAXATION OF LANDLORD'S INCOME FROM LANDED PROPERTY, GENERALLY CALLED LANDLORD'S PROPERTY TAX.

The Inland Revenue Department of the Government controls permanent local officials appointed by the Crown known as "Surveyors of Taxes", who, assisted by local assessors or collectors appointed by local Commissioners of Taxes, make valuations of their districts every five years,

adjusting them, however, from time to time in respect of additions, improvements or alterations to property.

The basis of value is thus defined in the Income Tax Act, 1842: "The annual value of lands shall be understood to be the rent by the year at which the same are let at rack-rent, if the amount of such rent shall have been fixed by agreement commencing within the period of seven years preceding the fifth day of April next before the time of making the assessment, but if the same are not so let at rack-rent, then the rack-rent at which the same are worth to be let by the year; which rule shall be construed to extend to all lands, tenements, and hereditaments, or heritages, capable of actual occupation of whatever nature" (except properties such as quarries, mines, ironworks, docks and waterworks which are taxed in a somewhat different manner).

Persons chargeable are called upon to make returns (see Appendix I for *Form of Return*) of the annual values or rentals of their lands. Upon the information given in these returns, and from a consideration of the valuation for Poor Rate, to be next described, which is supplied to Surveyors of Taxes, the annual values are determined.

An appeal against the values can be made to the local Commissioners of Taxes who are generally Magistrates or Justices of the Peace. The local Commissioners can in case of appeals appoint a skilled professional valuer to report as to value, and his fees are payable by the appellant or out of the taxes according to the discretion of the Commissioners, but such appointment is of very rare occurrence.

The annual values are fixed on the assumption that the occupier pays usual tenants' rates and taxes, and that the landlord will keep the property in repair. From these gross annual values there are then deducted the actual amount of tithe on the lands and an allowance for repairs. The latter deduction is not less than one-sixth of the gross annual value in the case of houses and buildings (other than farmhouses and farm buildings) and not less than one-eighth in the case of "lands inclusive of farmhouses and farm buildings". Under Mr Lloyd George's Finance Act, 1910, the one-sixth is extended up to one-fourth in the cases of houses of a gross annual value not exceeding £8, and the one-eighth similarly extended up to one-fourth, but in each case subject to the owner proving that his actual average expenditure in the preceding five years in maintenance, repairs, insurance and management exceeds the one-sixth or one-eighth respectively. "Maintenance" includes the replacement of farmhouses, farm buildings, cottages, fences and other replacement work necessary to maintain the existing rent. Advantage of this concession made in 1910 to agricultural estates and cottages has not been yet fully taken by landlords, owing apparently to the somewhat onerous nature of the proof requisite to establish a claim in excess of the minimum one-sixth or one-eighth.

The net income or annual value on which Landlord's Property Tax was levied in 1911 reached the sum of £160,662,267: in 1902 the amount was £152,178,033. There has been a steady increase since 1902. The

tax itself at a rate of 1s 2d in the pound produced £9,334,020 in 1911. This figure is 24.3 per cent of the entire Income Tax of the United Kingdom. The percentage contribution of owners of land to the total Income Tax of the United Kingdom is shown below comparatively with other contributions:—

Produce of Income Tax from :

	Year 1904 Per cent.	Year 1911 Per cent.
Ownership of Lands, Houses etc.	25.1	24.3
Occupation of Lands.	0.7	0.5
British, Colonial and Foreign Government Securities.	6.7	6.7
Profits from Businesses, Professions etc.	59.7	61.4
Salaries of Government, Municipal and Public Company Officials	7.8	7.1
Per cent.	100	100

Among the criticisms generally applied to the system of valuation for Landlord's Property Tax is, that where properties are occupied by owners and no actual rent therefore exists, the local assessors do not possess the necessary qualifications enabling them to advise the Surveyor of Taxes as to the fair rental. The assessors only give part of their time to their official work and are not valuers. The Surveyor of Taxes, whose duties do not include the actual inspection of properties, is thus in these cases greatly dependent upon the Poor Rate valuation, next to be described. "De jure" the local Commissioners make the valuations, but "de facto" the Surveyor of Taxes does. It is beyond question however that the Property Tax valuations throughout the country represent a closer approximation to true annual values, than do the Poor Rate Values. Further, the Surveyor of Taxes being a permanent Crown official is, in favourable contrast with Poor Rate valuation authorities, entirely removed from local influences.

Another criticism is the multiplication of authorities. The Surveyors of Taxes are controlled by the Inland Revenue Department of the Government, whereas the Local Tax Commissioners (unpaid) appoint the local assessors and hear appeals against values.

A consolidation of authority would effect a saving in the cost of administration. For instance if the local assessors were appointed by the Crown and controlled by the Crown Surveyors of Taxes, if appeals were made to one of a panel of skilled professional valuers, and the entire administration were directed by the Inland Revenue Department, a simple, economic, efficient and less cumbrous system would result.

§ 2. VALUATION FOR POOR RATE.

Upon this valuation is raised the larger portion of local rates to meet expenditure for purposes such as relief of the poor, roads, police, burial boards, education (part), lunatic asylums, public health etc. In view of the increase in late years of the rates in the pound, the annual values upon which are levied have also increased in importance.

The rating area is the parish, and by this is meant that the rate in the pound varies with each parish. The valuation area is the Poor Law Union, being a union of parishes grouped under the Poor Law Guardians under an enactment of 1862. There are 647 Poor Law Unions in England and Wales. The valuation authority is the Union Assessment Committee of the Board of Guardians, and the Guardians are elected locally by the ratepayers. The Assessment Committee regulates and controls the parish overseers (unpaid) and assistant overseers (paid), who are entrusted with the duty of making the valuations and collecting the rates in their respective parishes. The overseers are appointed by the Parish Councils.

All land (real property, corporeal hereditaments) is rateable, including certain machinery, but not personalty or chattels.

In 1862, England and Wales was wholly valued by the overseers. There is no statutory period at which re-valuations are to be made (except a quinquennial period in the Metropolis). The overseers send to the Assessment Committee from time to time supplemental lists showing the annual value of newly erected property and corrections of annual values of other properties.

Assessment Committees occasionally order the overseers to revalue the entire Union, or employ and pay a professional surveyor or valuer to revalue the Union or any properties therein (such as railways, manufactures, docks, mines) requiring special skill.

Rates are a personal charge on the occupier; the occupier may object to the annual values and appear by himself or agent before the Assessment Committee, and may appeal against their decision to Petty Sessions (Local Bench of Justices), and thence to Quarter Sessions (County Bench of Justice), or may go direct to Quarter Sessions. The decision of Quarter Sessions is final except on points of law.

The valuation list (see Appendix II) shows the gross estimate of rental and rateable value. It is on the latter that rates are assessed.

The *gross estimated rental* is defined as the rent at which the hereditament might reasonably be expected to let from year to year, assuming the tenant pays all usual tenants' rates and taxes; the tithe is deducted from such rent and separately rated.

The *rateable value* is the gross estimated rental after deducting therefrom the probable average annual cost of the repairs, insurance and other expenses necessary to maintain the hereditament in a state to command such rent.

The gross estimated rental is therefore akin to gross annual value for Property Tax, but the rateable value is not derived (except in the Metropolis) by a fixed scale of deductions for repairs, as is the case with the annual value for Property Tax.

The objections to the system of valuation were characterised by the Royal Commission on Local Taxation in their first report in the year 1891. They reported that "uniformity, equality, simplicity and economy were greatly wanting"; that it was desirable to have only one valuation authority and one system in arriving at valuations for a whole rating area, such as a county, over which common rates are raised, and that upon such valuation all rates and taxes should be levied.

They pointed out that assessment committees (except in the Metropolis) have no statutory power to ascertain from owners and occupiers of property the amount of rent and other particulars, and have not the advantage or benefit of the knowledge and experience of the Surveyor of Taxes, and are in no way associated with him. The report states that as between parishes and parishes, unions and unions, counties and counties "there is frequently considerable inequality in the valuation of properties of the same character in different districts," and that it was to the interest of assessment committees to keep the valuation of their Union low, so as to reduce their contribution towards common expenditure in the county which result could be obtained by under-valuing, neglecting to re-value from time to time, or by making excessive deductions for repairs to arrive at rateable value.

It is impossible to deny that, except where Unions have been valued by paid professional valuers, the values for Poor Rate are unequal and inexact, especially in rural districts. It requires some courage for an assistant overseer, possibly a village tradesman, to raise the valuation of his neighbours' properties when he is depending for his livelihood upon their goodwill, or for an assessment committee, largely composed of farmers, to raise the valuation of a neighbour's farm or their landlord's mansion.

Ratepayers within Unions which have been properly valued by skilled valuers, in addition to having borne the cost of the professional valuation of their own Union, are penalised by having to pay the share of other Unions' ratepayers where the Assessment Committees have failed to insist upon proper values. The contribution paid to the common charges of the county by the Unions within the county is thus based on a medley of truth and error.

The Royal Commission recommended that the valuation authority's area should be that of a county, that the values should be determined by professional skilled surveyors at fixed periods, that the valuation should be made in association with the Surveyor of Taxes of the Inland Revenue and be used as the basis for all rates and taxes. These recommendations must, however, be reconsidered, in view of the subsequent actual establishment, in 1910, of the Valuation Office of the Inland Revenue, as to the desirability or otherwise of constituting such office the valuation authority.

§ 3. VALUATION FOR THE COUNTY RATE.

It has been explained that the rating area is the Parish. The various pending authorities within the county issue precepts or demands for money, whereupon each parish contributes on the basis of its aggregated net annual values or rateable values. Where the spending authority is a parish or a Union, the parish rateable value adopted is that of the Poor Rate valuation described in § 2 above. But where the county is the spending authority the County Council's "County Rate Basis Committee" has power (except in the Metropolis) to itself fix the rateable value of each parish upon which contributions to county purposes should be made. If, therefore, the Committee considers any parish is under-valued, it fixes a fresh rateable value, not of each hereditament in the parish, but of the whole parish. The Committees frequently use the valuation of Landlords' Property Tax (described in § 1 above), but more usually the Poor Rate valuation (described in § 2 above). They have power to call for returns as to either or both of these valuations. The legal definition of the basis of their valuation is similar to that of the Poor Rate valuation.

Though, therefore, a county has power to rectify the aggregate under-valuation of a parish, yet such rectification is limited to county rates only, and does not extend to remedy under-contribution by under-valued parishes to other spending authorities; nor does it equalise any inequality between the several valuations of each ratepayer's hereditament *within* a parish. Further the need or otherwise for rectification is difficult and expensive of discernment within so large an area as a county.

§ 4. VALUATION FOR THE BOROUGH RATE.

The council of a borough almost invariably adopts the Poor Rate valuation for their Borough Rate, though they may order an independent valuation to be made. They may inspect or take copies of the Poor Rate or Landlord's Property Tax valuations. The contributions of parishes to the Borough Rate are determined according to their respective rateable values.

§ 5. ANNUAL VALUES AND RATES IN ENGLAND, SCOTLAND AND IRELAND.

The combined local rates (Poor, County, Borough Rates or their equivalent names in parts of the United Kingdom) on the pound, and the rates on which they were raised in 1909, are given below:

England and Wales.

Agricultural Land	£ 23,712,211
Other Hereditaments	£191,597,331
Total Rateable Value . . .	£215,309,542

The average total local rates in the pound were 6s 1d.

Scotland.

Gross (not Rateable) Value	£32,713,450
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The average total local rates in the pound were 4s 3d.

Ireland.

Rateable Value.	£15,647,773
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The average total local rates in the pound were 4s 2 ½d.

§ 6. AGRICULTURAL AND FOREST EXEMPTIONS FROM LOCAL RATES IN ENGLAND AND WALES.

Special consideration is shown to *Agricultural Land* under Acts of 1875, 1896 and other acts whereby such lands are relieved of one-half of the principal local rates and one-fourth of rates for public health purposes and there are other partial exemptions for local rates raised for other purposes.

The annual value for *Woodlands* for local rates is, by an Act of 1874 to be estimated as if the land were not woodland but let and occupied in its natural and unimproved state.

§ 7. PRINCIPAL VARIATIONS OF VALUATION SYSTEMS IN SCOTLAND AND IRELAND AS COMPARED WITH THOSE DESCRIBED ABOVE IN ENGLAND AND WALES.

(a) Scotland.

The council of each County and each Burgh appoints assessors to make the valuation roll. The assessors may be (since 1857), and generally are, the Crown Surveyors of Taxes of the Inland Revenue Department, in which

case the cost of making up the valuation roll is payable by the Crown, and the roll is decisive as a basis for imperial as well as local taxation; or they may be specially appointed and paid by the county or burgh council, in which case their valuations are not decisive as against the Crown, and the Surveyor of Taxes may rectify any for the purposes of Landlord's Income or Property Tax. Some of the assessors, who are not government officers, are practising solicitors, but thirty out of the thirty-four counties have appointed Crown officials.

The assessors have power to call for yearly returns as to rent or value from proprietors and occupiers. If a *bona fide* rent exists, such is to be taken as the annual value, but not where the rent is fixed in a lease for over 10 years, or a premium or "grassum" was paid on entry in addition to the annual rent.

The valuation roll is annually ascertained and revised. The gross annual value is defined on a basis similar to that for England. Only one value, namely this gross annual value, is entered or shown on the roll, but a deduction is made before charging certain rates of the probable average annual cost of repairs, insurance and other expenses necessary to maintain the lands in their actual states. The deductions vary very deplorably and unfairly with each parish.

The Landlord's Property Tax is levied upon the same lines as in England and Wales. Some rates are assessed upon owners, some upon occupiers, and some are divided between them. Thus whereas in England and Wales, rates being a personal charge on occupiers, are not collected when the property is not occupied, in Scotland that part of the rate charged upon owners is payable whether the property is unoccupied or occupied. Most rates are levied upon the gross annual value, and the others upon the value as reduced by the deduction for repairs.

An appeal against the valuation in the roll lies to the Valuation Committee of the council or burgh respectively, with a further appeal, in a case stated, to the Lands Valuation Appeal Court consisting of three Judges of Session.

Agricultural Lands under an Act of 1896, are relieved of five-eighths of county and parish rates. The annual value of *Woodlands* is to be the estimated rent at which the lands would let, if in their natural state, as pasture or grazing lands.

(b) Ireland.

There is only one valuation authority in Ireland, namely the Government Valuation Office under the Commissioner of Valuation (with a staff of valuers), appointed by the Crown.

In 1852, an Act of Parliament provided for one uniform valuation in Ireland. It is known as "Griffiths'" valuation and was not completed until 1865. The Local Government Board (Ireland), in their Memorandum to the Royal Commission on Local Taxation in 1898, stated: "It is however

a well recognised fact that the valuation is not uniform throughout the country".

A distinction is made in the valuation acts between the system of valuing "land" as contrasted with "houses and buildings". Land was to be valued at the *net* annual value with reference to the average prices obtaining in 1852 of 8 articles of agricultural produce fixed as under:

Wheat	7 s. 6 d.	} per 112 lbs.
Oats	4 10	
Barley	5 6	
Flax	49 0	
Butter	65 4	
Beef	35 6	
Mutton	41 0	
Pork	32 0	

Houses and buildings, however, were to be valued as in England and Wales, namely at their *gross* annual or letting value less a deduction for repairs.

Sir R. Griffiths' valuation of "lands" is *still the actual valuation in force* (it has only been revised in the county of Dublin), and a re-valuation is urgently required owing to its lack of uniformity and to the alteration of agricultural prices since 1852. It would appear desirable to alter the basis of valuation of "lands" to accord with that of "houses and buildings", namely, letting value, as in England and Scotland.

No annual revision of "lands" is permissible; "lands" as independent of "houses and building" can only be re-valued at periods of 14 years from the completion of a previous general revision, but no funds were provided by the 1852 Act for such general revision; hence, except in the single county of Dublin, the Griffiths' valuation of lands is the current one.

The annual revision of the valuation is restricted to "houses and buildings". The Collector of Poor Rates within each Union delivers to the Clerk of the Guardians of the Unions a list of such properties requiring revision, or newly-created properties, and the Clerk transmits the lists to the Commissioner of Valuation. It is not the practice, nor probably the law, to include in these lists cases where a revision is desirable owing to change in rental value. This results in increases in value not being brought before the Commissioner, whereas decreases are at once brought under notice by the owner or occupier. Any ratepayer in the Union may deliver a list of any property which he considers requires revision. An appeal against the values may be made to the Commissioner, and from him to Quarter Sessions, where decision is final on questions of fact, but not on questions of law.

The values form the basis for all local rates as well as for Landlord's Property Tax. Machinery, other than first motive power, is not rateable.

The County Cess or Rate is practically paid by the occupiers; the Poor Rate is paid half by the landlord and half by the tenant.

§ 8. VALUATION FOR LAND TAX.

The Land Tax is a relic of the earliest form of land taxation. It has existed from the time of the Early Norman kings and can be traced in earlier Saxon periods.

In 1692, the tax was levied on the basis of a kind of valuation founded on owners' returns; and this valuation has been the ultimate basis of charge ever since.

In 1798, the Land Tax was made permanent at the rate of four shillings in the pound on the valuation of 1692, and each parish was assessed with a fixed quota which the Local Land Tax Commissioners (unpaid) are charged with the duty of raising every year by an equal rate in the pound. Although this quota is fixed according to the valuation of 1692, the taxpayers are charged on the annual value of those properties in each parish, in respect of which the Land Tax has not been redeemed. Redemption may be effected by paying to the Crown the capitalised value, taken at thirty times the annual amount of the tax. Owners whose total income does not exceed £160 per annum are, since 1898, exempt from the tax, and those whose incomes do not exceed £400, from one-half of the tax.

The Land Tax does not extend to Ireland, but only to England, Scotland and Wales. The approximate amount collectible in 1911 was £698,490. In 1798, the amount was nearly double, so it will be seen very large redemptions have occurred.

Under the Finance Act, 1896, the Tax levied on the individual cannot exceed one shilling or be less than one penny in the pound on the annual value for Landlords Property Tax (described in § 1. above).

Until 1896, the Local Land Tax Commissioners were only directed to make the assessment "with as much equality and indifference as is possible." This was a very vague basis. The Commissioners in various parts of the country used different basis of valuation, such as Landlord's Property Tax or Poor Rate rateable value. The result of the Finance Act, 1896, was to cause the Landlord's Property Tax to be more extensively used as the basis, in order to allow a comparison with the maximum and minimum poundage rate imposed. An appeal against the valuation lies to the Local Commissioners whose decision is final.

§ 9. ESTATE DUTY (ON DEATH).

So far this article has been restricted to valuations in connection with annual rates and taxes. But it may be of interest to mention that Estate Duty, first imposed in 1894 when Sir William Harcourt was Chancellor of the Exchequer, is raised upon the *principal* value of all property real or personal, settled or not settled, passing by death.

The basis of this principal value of real property is the estimated price which, in the opinion of the Commissioners of Inland Revenue, the property would fetch if sold in the open market at the time of the death of the deceased. Timber is exempt unless and until sold. An appeal against the value lies to one of a panel of skilled referees.

Since April 1910, the Valuation Office of the Inland Revenue Department inspects and values real property for this purpose, and its action has resulted in very large increases in the amount of Estate Duty raised on realty.

In 1911, Estate Duty reached nearly 20 millions in the United Kingdom, of which 3 millions was on real property.

A perusal of Part I of this article leads inevitably to the conclusion that the United Kingdom does not possess a uniform basis of valuation, but one that is full of complications and inequalities.

(To be continued).

APPENDIX I. — *Form of Occupier's Return for Houses.*

SCHEDULE OF PARTICULARS.

1. Name of the Street or Road, &c., in which the Property is situate, and the Number of the House (If not numbered, state the name by which the house is known).	
2. Full Christian Name and Surname of Occupier	
3. Name and Address of Owner or Immediate Lessor (If not known, state the Name and Address of the Agent or Person to whom the rent is paid).	
4. Whether the Property is occupied:— (a) Wholly as a Private Residence, or (b) Partly as a Dwelling-house and partly for Trade or Business purposes (c) Solely for Trade or Business purposes (d) Nature of the Business, if any	(a) (b) (c) (d)
5. If the occupation is in respect of part only of a House or Premises, state the extent and on which floor or floors	
6. Amount of Rent	£ per
7. Whether the Property is held under Lease or Agreement for a period of years Or By the Year, Quarter, Month, or Week	
8. (a) Date of commencement of term of Lease or Agreement (b) Term of years for which granted (c) Whether granted for any consideration in money, in addition to the Rent, or upon any condition as to laying out money in building, rebuilding, or improvements. (If none, state "None").	(a) (b) (c)
9. If the Occupier is the Owner, or has purchased the Lease, the full Annual Value should be stated; i. e., the Amount at which the Property is worth to be let by the year, the Owner keeping it in repair	Annual Value £
10. Amount of Land Tax (if any), and whether borne by Landlord or Tenant	Land Tax £ Borne by the
11. Whether all usual Tenants' Rates and Taxes are paid and borne by the Occupier in addition to the Rent	
12. Whether the Landlord or Tenant undertakes to bear the cost of Repairs, Insurance, and other expenses necessary to maintain the Property (If each undertakes to bear part only of the cost of Repairs, state the particulars).	

DECLARATION.

I hereby declare that the foregoing particulars are in every respect fully and truly stated to the best of my judgment and belief, according to the directions and rules of the Income Tax Acts.

Dated this day of 191.....

Occupier.
{ Profession
or Trade.

NOTE.—An Occupier, being also the Owner, is not required to fill up the spaces marked *.

APPENDIX II. — F.

STATEMENT TO BE RETURNED BY EVERY OCC

No. 1. — LANDS and TENEMENTS. — This space to be filled up by the OCCUPY

PARISH in which the Property is situated	Christian Name and Surname of the Tenant	Christian Name and Surname and Residence of the Owner	Description of property, e.g., "Farm," "Land," "House," "Nursery" or "Market Garden"	Acreage of Land held under each Owner	Date of com- ment of term or Agreement term of year whether you any consider money, in ad- the Rent, or a condition as to out money in ing, rebuild- improvements none, state "		
					6		
1	2	3	4	5	A.	R.	P.

No. 2. — LANDS and TENEMENTS. — This space to be filled up by the OWNER, w

PARISH in which the Property is situated	Christian Name and Surname of the Person being Owner and Occupier	Description of Property, e.g., "Land," "House," "Nursery" or "Market Garden"	Extent of L. Owner's occu- including G. Pleasure Gr. Woods Plantations	
			4	
1	2	3	A.	R.

I hereby declare that the foregoing particulars are, in every respect, full
and rules of the Income Tax Acts.

Given under my hand this
Sig

* NOTE 1. — The full amount of Rent payable under Lease or Agreement is to be entered in column
Landlord. Any annual sum paid to the Owner for interest of money expended by him in drainage.
† NOTE 2. — Return No. 2 (by Owner) should not include particulars of Rent, or of Title Rent-Cha

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Return for Lands.

5. TENEMENTS, AND HEREDITAMENTS.

OWNER.

1.	State by whom the Tithe Rent-Charge is paid and borne; whether by the Owner, or by the Tenant	2. If the Tithe Rent-Charge is paid and borne by the Tenant, state the amount payable for the year 1913, in addition to the Rent shown in col. 7			3. In the case of Houses, state whether the Landlord, or Tenant undertakes to bear the cost of Repairs	DEDUCTIONS											
						4. Amount of Land Tax paid for the preceding Year, and whether allowed to the Tenant by the Landlord			5. Amount of Public Rate or Assessment for Drainage, Embankments or Fencing which was paid for the preceding year			6. Amount of any Modus or Composition Real in lieu of Tithes					
	8	9			10	11			12			13					
	Paid and borne by the:—	£	s.	d.		£	s.	d.	£	s.	d.	£	s.	d.			
							</										

in his own Occupation.† (See Note 2).

1 value 1 the ity be let Year	2 Amount of Tithe Rent-Charge payable for the Year 1913 in respect of Land in hand			3 Amount of Land Tax paid for the preceding Year			DEDUCTIONS								
							4 Amount of Public Rate or Assessment for Drainage Embank- ments, or Fencing which was paid for the preceding year, also the amount expended on an average of the 21 preceding years, in the making or repairing of Sea Walls or other Embankments, for protection against the Sea or Tidal River						5 Amount of any Modus or Composition Real in lieu of Tithes		
6	7			8			9								
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	

led to the best of my judgment and belief, according to the directions

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paid after deducting the amount of any temporary Abatement or Remission of Rent allowed by the is to be entered in column 7 separately from the Rent.

Name of Occupier	Name of Owner	Description of Property	Name or situation of Property	Estimated Extent	Gross Estimated Rental	Estable Value of Agricultural Land	Estable Value of Buildings and other hereditaments not being Agricultural Land

A . . . B . . .	} Overseers of the Poor of the Parish of . . .
C . . . D . . .	

JAPAN.

DEVELOPMENT AND AGRICULTURAL IMPORTANCE OF THE JAPANESE COLONIES

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INTRODUCTION.

The immense territory that Japan has lately annexed as a result of its recent victories, including the island of Formosa (Taiwan) with the group of the Pescadores, the southern portion of Sakhalin (Karafuto), Corea (Chosen) and Port Arthur with its dependencies, has a total area of about 292,000 sq. kms and a population of over 17,000,000. But if we wish to make a complete study of all the Japanese colonies we should not restrict ourselves to those that form part of the Empire officially ; it must be remembered that Japan, by the Treaty of Portsmouth, concluded by it with Russia,

received in transfer from that power 1,110 kilometres of the South Manchurian Railway, of very great importance as the termination of the Transiberian Railway; and this transfer was confirmed by the right of military protection over the line, the right to construct branch lines, to work the coal mines in the adjacent territory etc. So that Southern Manchuria is, if not in law at least in fact, really a Japanese colony, and Japanese influence prevails as far as Chang Chung, half way between Kharbin and Mukden.

But even if we do not count Southern Manchuria, there is a large island that has always, at least nominally, formed an integral part of the Japanese Empire with which it is connected both by its geographical position and its geological formation, but which in reality remained almost abandoned up to the last half of the last century and is now one of the most important fields for Japanese colonial enterprise. This island is Yezo, generally known as Hokkaido, the official name given to it in Japan. It has only recently been colonised by the Japanese, who, up to 1868, only occupied the southern portion, or more precisely the peninsula of Hakodate with the port of the same name. The Imperial Government itself recognises the profound difference existing between Yezo and the rest of the Empire in its economic and social characteristics, due chiefly to the special climatic and geographical conditions of the country; for the Government has organized the whole administration of the island after an absolutely special manner and has founded a special financial institution, the Hokkaido Colonial Bank, to satisfy in a suitable manner the special economic needs of the island.

So that, leaving out of consideration Southern Manchuria, which is for the present, a purely economic colony, the area of the Japanese political colonies is now more than 386,000 square kilometres and the population little less than 19,000,000. We shall here give a few statistics:

	Area in sq. kms.	Population	Density of Population per sq. km.	North Latitude	Extreme South Latitude
	—	—	—	—	—
Hokkaido (1)	94,000	1,350,000	13	(2) 45° 30'	41° 21'
Karafuto	34,000	56,000	1	50°	46°
Correa	219,000	13,400,000	61	43°	33°
Port-Arthur	3,000	488,000	162	39° 30'	38° 43'
Formosa	36,000	3,400,000	94	25° 38'	21° 45'
Total	386,000	18,674,000			

(1) Including the Kurile Is. (Isl-Sims). — (2) These Latitudes are those of the Island of Yezo only. The Kurile Is. lie between 51° and 43° 38'.

A glance at these figures suffices to show the immense differences between the various colonies. Their territory extends far to the North and

South of the mother country. Thus there are three very distinct types of Japanese colonies: those to the North (Vezo, Karafuto and the Kuriles), still almost uninhabited and chiefly colonies to be settled; those to the south (Formosa etc.), with strictly tropical character, and, as they are already extensively inhabited by a native population, rather colonies to be exploited than to be settled; lastly, those almost in the same latitude as the mother country (Corea and Port Arthur) presenting mixed characteristics of colonies for both settlement and exploitation.

§ I. SAKHALIN.

This island, the southern part of which belongs to Japan, has considerable wealth, in its forests, coal mines and fisheries. But the exploitation of these natural resources is somewhat difficult, especially on account of the really Arctic climate and the very low temperature prevalent during the greater part of the year. In Sakhalin the thermometer frequently falls below -20°C . and the winter lasts six months. The Japanese, and above all those of the Centre and South of Japan, accustomed to a mild climate even in winter, find acclimatisation difficult in cold countries to which the light and fragile Japanese houses are very little suited. This is the real impediment to the colonisation of these islands, naturally so rich. Notwithstanding, the emigration to Karafuto is continuous and fairly considerable and is generally reckoned at from 100 to 500 families a year. The immigrants receive a free grant of land of an area of 1,000 *tsubo* (33.057 are) per family in urban districts and five times as much in rural districts when cultivators of the soil and 50,000 *tsubo* when livestock improvers. The land is not leased, but given to the colonists in absolute possession. Besides this, the Japanese Government encourages emigration to Sakhalin in other ways, by a reduction of from 30 to 50 % on transport rates by sea or rail, free railwayfares in the colony, distribution of seeds, subsidies in money etc.

We reproduce the following data in relation to this immigration:

Year	Number of Immigrant Families	Number of Emigrants
1908	84	?
1909	101	?
1910	234	668
1911	835	2,777

The figures showing the areas transferred to colonists are no less interesting, as will be seen in the following table.

Year	Number of Lots Transferred	Area (ha.)
1905	317	12,138.4
1906	1,454	1,241.8676
1907	1,345	3,404.8130
1908	968	1,776.8306
1909	997	3,994.5850
1910	6,047	11,057.4407
1911	7,108	14,323.1514

These figures are very eloquent and show clearly the rapid progress of Japanese colonisation in Sakhalin, which seems almost prodigious, when due account is taken of the serious obstacles in its way, of which we have spoken above.

With regard to the subsidies granted by the Government, the most recent statistics give the following figures (1).

(a) *Grants in Money (Working Year 1911).*

Object of the Grant.	Number of Families Assisted	Amount (yen)
Building of Houses	195	6,665
Purchase of Agricultural Implements	438	1,728
Purchase of Livestock	—	820
Total	—	9,213

(b) *Distribution of Seed.*

Year	Number of Families Assisted	Amount Distributed	
		hl.	Bags (10)
1906	1,487	448.75	1,195
1907	905	155	688
1908	2,146	537.84	698
1909	4,482	822.42	1,553
1910	3,905	852.12	3,504
1911	1,463	297	807

(1) Compare *Kanfujo chōji ippan* (Statistical Summary of the Government of Kanfujo), Year 1912, pp. 91 et seqq.

(2) For Potatoes.

In consequence of this constant and efficacious interest on the part of the Government, the results have been most satisfactory. The number of farmers increased between 1908 and 1911 by 58 % and the area cultivated increased in the same period from 1,105 cho to 2,347 cho. We give below some further particulars :

Number of Farmers and Area Cultivated.

Year	Number of Agricultural Families	Number of Farmers	Area Cultivated (in cho)		
			Previously Cultivated	Cultivated for the First Time	Total
1908	773	3,291	878.5	226.7	1,105.2
1909	735	3,407	824.6	363.1	1,187.7
1910	889	4,584	1,216.1	431.0	1,647.1
1911	1,225	6,973	1,646.2	700.8	2,347.0

And also from the point of view of production the agricultural progress of Karafuto has been really considerable. The principal agricultural produce of Sakhalin consists of oats, wheat (reaped in spring), rye and cattle foods. The total yield of these four crops in 1911 was 31,094 hl. of oats, 3,065 hl. of wheat, 4,991 hl. of rye and 61,143 quintals of cattle foods. The following table shows the total production, the value per hl. and the total value of these four crops in 1911.

Production	Total Production (hl.)	Value per hl. (in yen)	Total Value of Crop (in yen)	Area Cultivated (ha.)
Oats	31,094	2.22	69,928	744.33
Wheat	3,065	5	15,325	187.37
Rye	4,991	4.44	22,160	267.14
Cattle Foods	61,143 (quint.)	1.33 per (ql.)	81,320	1,295.73

But the principal source of the wealth of Karafuto is the fishing industry. It is well to remember in this connection that the Fisheries Convention concluded with Russia in 1907 has confirmed the right of the Japanese to fish in Russian waters and that now the Japanese fisheries extend not only along the coast of Karafuto, but along all the shores of Sakhalin as far as the southern part of Kamchatka.

The Japanese Government has organized this branch of industry perfectly, putting in force complex and severe regulations, making scrupulous selection in granting fishing rights, and instituting a Provincial Experimental Piscicultural Station (*Karafuto-cho Suisan Shikikenjo*).

The progress of the herring fisheries in recent years has been exceptional; next in importance come the trout and salmon fisheries. Permission to set nets and place seines for this class of fish is only granted to each individual within certain fixed limits of space and time, while all other kinds of fishing are freely permitted, subject only to the general and usual restrictions: amongst these latter kinds of fish the most important is the cod. The gathering of *Konku* (a kind of edible seaweed) is also an industry of great importance. Recently also crab fishing has made considerable progress. The produce is preserved and exported principally to America. In 1910 the total export amounted to 17,000 cases, each containing 48 boxes of preserved crabs.

To prevent the decrease of the more important produce of the sea, especially herrings, trout and salmon, the number of localities in which fishing rights are granted has been limited to 342, and of these 233 have been granted to private individuals, 39 to co-operative fishing societies and 10 to natives. There are districts in which fishing is rigorously prohibited.

We shall here give a few statistics relating to the Karafuto fisheries for the six years 1906-1911:

Year	Number of Concessions	Amount of Yield — yen	Number of Fishing Boats	Number of Fishermen
1906	220	547,948	1,840	10,106
1907	244	848,274	2,543	14,489
1908	313	883,056	2,701	15,143
1909	313	883,809	4,891	26,165
1910	342	823,463	3,568	16,251
1911	342	720,517	3,683	15,720

It is interesting to observe that in 1909 there was an exceptional rush of fishermen (26,165 against 15,143 in 1908). This immense rush, not rewarded by an equivalent increase in the value of the yield, reduced the average gains from 58 yen (149.64 fr.) to 34 yen (87.72 fr.) per fisherman. This must be considered the chief cause of the decrease in the number of fishermen in the years following 1909.

The produce of the fisheries is in large part preserved in various ways. The waste products are for the most part utilised as manure. Some of the fish are also treated for the extraction of oil. In 1911, the total value of Karafuto preserved fish amounted to 1,532,339 yen. The value of the manure obtained from the waste products amounted to 3,506,421 yen, and that of the oil to 300,729 yen. Altogether the industrial treatment of the produce of the fisheries yielded in that year 5,343,178 yen or 13,785,389 fr. In the

preceding years the yield had been 6,745,430 yen in 1907, 3,374,463 yen in 1908, 3,325,937 yen in 1909 and 5,619,428 yen in 1910.

§ 2 HOKKAIDO.

If we remember that the population of Japan which, in 1899, was 4,000,000, amounts to day to 50,000,000 and that a Japanese family on an average possesses only a hectare of cultivated land, it will be easy to understand that with this disproportion between the population and the productive area, the Japanese Government not only is endeavouring continually in every way, to colonise its newly acquired territories, but is at the same time attempting, as far as possible, to increase the fertility of those territories that have long been subject to its sway. We have seen that up to the Meiji era (1867) the Japanese completely neglected the island of Yezo, of which they had only occupied the south, founding there the port of Hakodate. But the island of Yezo or Hokkaido has an area of more than 9,000,000 hectares and, with the smaller islands by which it is surrounded, about 17 % of the total area of the Empire. It has the largest plains in Japan, and of these the most considerable, that of Ishikari, has an area of more than 190,000 ha. Only in 1868 did the Japanese Government begin to take account of the enormous importance Hokkaido might acquire for the national economy and since then, by successive legislative provisions, it has encouraged the emigration of Japanese colonists to Yezo.

The means employed by the Tokio Government for the encouragement of this emigration do not differ substantially from those we have mentioned when speaking of the emigration to Sakhalin: we shall therefore limit ourselves here to giving the results obtained. In 1869 the population of Hokkaido was only 58,467: in 1912, it had increased to 1,661,700. The density per sq. km. increased in the same period from 0.74 to 15. The progress is considerable but is still very far from the maximum attainable. A few statistics relating to the currents of immigration and emigration to and from Hokkaido will give the best idea of the matter.

Year	Immigrants	Emigrants
1872	13,184	?
1882	5,539	?
1892	42,708	5,547
1902	43,401	9,985
1903	44,942	8,738
1904	50,111	9,027
1905	58,224	10,395
1906	66,793	10,092
Average from 1901 to 1906	50,190	9,646

From these figures we see, therefore, that there have been on an average 50,000 immigrants against 10,000 emigrants, so that we may say that the increase of colonists has been about 40,000 a year.

According to the most recent statistics, more than half the annual immigrants (53 %) devote themselves to agriculture. Of the rest, 12 % are fishermen, 6 % traders, 4.5 % are engaged in manufactures. The rest are occupied in various professions.

So much in respect to emigration to Hokkaido. We shall now see what means are adopted by the Japanese Government to facilitate and accelerate the colonisation of the island.

In 1870, the Central Government formed a plan for the colonisation of Yezo and instituted a Colonial Office at Sapporo for the purpose. In consequence, cart roads were made, railways built, important drainage works carried out to render the territories more healthy, irrigation works begun etc. An Agricultural Institute was also organized, and several experimental farms started. Cattle, fruit trees (especially pears and apples), various kinds of grain and agricultural machinery have been imported on a large scale; and all these measures have opened a new era for agriculture in Hokkaido.

The Central Government has taken all suitable steps to facilitate the installation of colonists and has proceeded very carefully to a uniform division of the soil, sufficiently original to be mentioned here.

The area of the land thus divided is 1,127,000 ha. All the lots have one or more roads leading to them. The land to the right and left of these roads is divided into so many regular lots of 30 ha. each, which in Japan is generally considered sufficient for an average sized farm. Each of these is again divided into parcels of 5 ha., an area considered sufficient for a small farm. The union of nine average lots forms a large farm of 270 ha.

The land is granted freely to the colonists and this system of colonisation has produced really excellent results, far superior to those obtained in other countries, as, for example, Algeria, where it has also been applied. This is largely due to the climate and the natural fertility of the soil of Hokkaido, as well as to the system of cultivation, (small individual farming) and the agricultural methods of the Japanese colonists.

We shall give a few figures relating to the existing conditions of agriculture in Hokkaido.

In 1911 the total area of the Hokkaido rice fields was 39,424 ha., with an increase of 12,764 ha. on the average area of the ricefields in the five years 1906-1910. Similarly, the yield of rice, 854,800 hl. in 1911, showed an increase of 204,829 hl. on the average yield for the years 1906-1910. It must, however, be noted that the total increased yield did not correspond with the average increase per hectare, since, while this average for the five years 1906-1910 was about 24 hectolitres per ha., in 1911 it had fallen to only 21.6 hl. per ha.

We give here a few figures relating to the yield of other cereals in 1911.

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Cereals	Area Cultivated (ha.)	Yield (hl.)
Barley	6,613.9	128,848
Rye	27,381.9	410,494
Wheat	20,226.6	331,596
Total	54,222.1	870,938

Comparing the above with the averages for the period 1906-1911, we find the following increases and decreases.

Cereals	Area Cultivated (ha.)	Yield (hl.)
Barley	2,930.4	— 76,090
Rye	+ 4,377.4	— 11,957
Wheat	+ 8,417	+ 115,652

Altogether, therefore, in the case of the cereals, there was an increase of 9,864 ha. of cultivated area with a corresponding increased yield of 27,605 hl.

Among the other agricultural produce of first importance, we must mention *soya*, the area cultivated with which amounted in 1911 to 76,791 ha. and the yield to 1,130,192 hl.; potatoes, cultivated in the same year, over an area of 30,439 ha., giving a yield of 310,352,662 kg; and colza cultivated over an area of 23,617 ha. and giving a yield of 408,357 hl.

Forests are to be counted among the most important of the natural riches of Yezo. The forests of Hokkaido cover an area of 4,325,882 ha. (Statistics of March 31st., 1911), and represent more than 45 % of the forests of the Japanese Empire. A severe forest law regulates the cutting, hinders deforestation, facilitates reafforestation and protects such forests as are judged necessary for the regulation of the water system. In 1911 there were 150 forests protected over an area of 67,719 ha. and 1,541 public forests covering an area of 4,258,164 ha. In the course of the year 1911, about 2,400 hectares were reafforested with about 7,000,000 young trees. The total value of the wood cut in the forests in 1911 was 1,328,830 yen (3,220,080 frs.)

The existence of large plains suitable for pastures should have given a greater impulse to livestock improvement than has actually been the case. If we except horse improvement, which has made fair progress especially through the initiative of the Government, which has made Hokkaido the principal centre for the supply of horses for the army, livestock improvement is still, as indeed in the whole of Japan, in a rather backward condition. The statistics for 1911 are as follows:

Head of Livestock	
Horses	165,792
Horned Cattle	22,156
Pigs	11,436
Sheep	206
Goats	100

In 1911 there were in Yezo 30 slaughter houses, in which there were slaughtered 5,027 head of horned cattle, valued at 242,434 yen; 56,274 horses, valued at 1,453,466 yen and 6,408 pigs, valued at 90,361 yen.

§ 3. FORMOSA.

Formosa is certainly the richest of the Japanese colonies. Under the official name of *Taiwan*, there are included the island of Formosa itself and the group Hoko-to (Pescadores) and the adjacent islands. The total area of Taiwan is 35,913 sq. km. and its population on December 31st, 1910 was 3,341,217, including 98,048 Japanese 3,106,223 civilised natives, 122,106 uncivilised natives and 14,840 foreigners. The increase in the population has been excessively rapid, 315,653 between 1903 and 1910, with an average of 45,093 a year. The density is 92 per sq. km., sufficiently high, when we consider the conditions of the soil, to a large extent forest and mountain. We are led by this, therefore, to think the island very rich, considered as a colony for exploitation and not for settlement.

If we remember that the area now under cultivation in Formosa (notwithstanding the really remarkable efforts of the Government to encourage every kind of improvement) is not more than 54 % of that which could be utilised for agriculture, and if we reflect that, all the same, since the year 1905-06, the Formosa budget has been independent of the Central Japanese Treasury, it will not be difficult to form an idea of the real wealth this privileged land may bring to the mother country, if properly exploited. Nor is this all, as we must also remember that its finances are now so flourishing as to allow of not only the financial autonomy of the island but also the payment of the expenses of some of the more important public works, to meet which it would otherwise have been necessary to raise loans at home or abroad. It is therefore, logical that, in view of these circumstances, the Japanese Government should endeavour in every way to promote the exploitation of the resources of the island. And as the principal wealth of the colony consists in rice, sugar, tea and forests, the efforts of the Government have been devoted precisely to extending, by every means, the cultivation of these crops and increasing the produce of the forest industry. We shall deal briefly with each of these branches of agricultural industry, showing under its principal heads the work carried out by the Government authorities and the results obtained.

(a) *Rice cultivation.*

The cultivation of rice exceeds all the other large agricultural industries of Taiwan in extension and importance. The subject of rice cultivation is connected with that of irrigation and drainage, and since in this field the work of the Japanese Government has been sagacious and considerable, we shall here give a summary of it. As is naturally to be expected in a country in which rice is the most important product, Taiwan already had, even in the days of Chinese occupation, a fairly devel-

oped system of irrigation. The geographical conditions of the island are such that it is extremely rare to find localities in which rice fields can be irrigated directly from natural springs. Where there is sufficient water during the whole year two crops may be grown, but where this condition is wanting only one crop can be obtained, by taking advantage of the rainy season. As a consequence, the efforts of the farmers and of the Government have been continually directed to the building of reservoirs and the cutting of canals, the oldest of which date from two centuries back, while the largest can irrigate an area of not less than 10,000 *ko* (a little over 9,900 ha.). And it is due precisely to the excellent system of irrigation that the annual yield of rice in Formosa is about 4,000,000 *hoku* (7,200,000 bl.). In the period of Chinese domination, the Government had entirely neglected agriculture and had left it to private enterprise to provide for the necessary works. It is not the same under the Japanese Government, which, justly anxious that its new colony should be, as far as possible, a source of wealth for the Empire, and considering that private enterprise, however active and energetic, cannot help being limited and unilateral, decided in 1901 to undertake the chief direction of all works connected with agricultural improvement. Consequently, in that year special "Regulations for Public Canals and Reservoirs" were published, in accordance with which the Government undertook to control the use made of some of the most important water works. In 1901, the number of such works subject to Government control was 21, irrigating an area of 18,038 *ko* (about 17,500 ha.), but the number increased from year to year, until in 1911, it reached the figure of 180, capable of completely irrigating an area of 158,679 *ko* (about 158,000 ha.). It is, however, to be observed that the Government, by the regulations of 1901, has reserved to itself the right of deciding which among the more important irrigation works it proposes to place under its own supervision; so that besides the principal works there are many others of less importance. In 1911 there were 12,369 of these for the irrigation of an area of 72,874 *ko* (about 72,000 ha.).

The Government, in addition to assuming the supervision and control of the water works already existing, guaranteed subventions and assistance for such new undertakings as were being carried out or for the repairs of seriously constructed water works presenting a character of special importance as capable of conferring considerable and permanent benefits. But these indirect efforts of the Government were insufficient to meet the continually increasing demand for irrigation, due to the necessity of increasing the rice crop and improving its quality. And also the cultivation of the sugar cane called for important works of the same kind, so that the Government, in view of these special circumstances, understood the necessity of undertaking the construction of new waterworks at its own expense under its immediate control. In 1909 a law was therefore promulgated for a new system of irrigation works for which 20,000,000 yen (1,000,000 frs.) was set apart, to be carried out in thirteen successive years. The law contemplates the construction of fourteen new waterworks, capable together of irrigating 118,000 *ko* (about 116,000 ha.). This system will

affect about 30,000 *ho* of rice fields which have been able up to the present to yield two crops a year, and other 51,000 *ho* of rice fields now yielding a single crop, but which will be able to yield two when the work is completed, as well as other land now arid or uncultivated but which will be converted into excellent ricefields yielding two harvests a year.

The farms thus irrigated may be subjected, entirely or in part (they will be almost certainly entirely), to a special tax (*swi-zei* or water rate) which will vary according to the benefits the proprietor receives from the work of the Government.

The law of 1909 has already been partly carried into effect in the prefecture of Taichu (at Shishi and Kori) and in that of Ako (at Shishito). The *swi-zei* was levied at Shishi in 1910 and at Shishito in 1912; at Kori it was to be levied at the beginning of the working year 1913 (April 1st., 1913).

A few statistical data will serve to complete the information and figures we have given :

Irrigation Work. — Situation on March 31st., 1911.

Kind of Work	Area Irrigated (cho)	Percentage of Total Ricefields
Carried out for the Account of Government	8,244	2.4
Private Works, Placed under Government Control . .	158,679	46.0
Private Works, not Placed under Government Control	72,874	21.1
Land not Artificially Irrigated	—	30.5
Total	239,797	—

Having thus taken a rapid survey of the work carried out by the Japanese Government in the matter of irrigation, we shall now see what is the existing state of rice cultivation in Formosa.

The production of rice has gone on increasing very rapidly in recent years, owing to the above measures and the constant encouragement of the Government which considers the increase of this production a matter of vital importance for Japan, which feels that it has in its rich colony one of the most efficacious means for keeping down the price of rice that, in the course of recent years, has tended to rise alarmingly. It will be enough, in this connection to mention that in 1911 alone, Formosa exported to Japan more than 700,000 *hoku* of rice (1,260,000 hl.) of a total value of 20,405,700 frs.

We reproduce the following figures to show the increased cultivation and yield of rice in Formosa (1).

Year	Area Cultivated (ha.)	Yield (hoku)
1900	332,396	4,300,054
1903	403,043	7,354,414
1906	468,085	3,968,580
1909	489,860	4,629,950
1910	465,701	4,187,473

(1) 1 *koku* = 1.8 hl.

The following figures show the increase of the export of rice from Taiwan to Japan (1).

Year	Quantity of Rice Exported (bush)	Value of Rice Exported (yen)
1897	?	74,616
1900	22,879	93,119
1903	1,136,867	4,889,859
1906	1,879,185	7,133,375
1909	2,478,738	8,797,821
1910	1,710,629	6,875,036

As regards quality, it is to be observed that, at the start, Formosa rice was inferior, as it was deficient in gluten and was not perfectly dry. In 1904, regulations were put in force for the examination of all the rice to be exported to Japan and at Tihoku and 24 other places, special offices were started for the drying of rice. The result of this was an appreciable improvement in the quality of the rice exported and a consequent better reception of it on the Japanese markets.

(b) *Cultivation of the Sugar Cane.*

The cultivation of the sugar cane comes next in importance to that of rice in Formosa. Its introduction into Taiwan is not recent but dates from the sixteenth century. However, it continued to be cultivated in a most primitive manner until recently, that is until after the annexation of the island by Japan.

And also with regard to this branch of agricultural industry the Japanese Government has not been inactive, since it has given it a considerable impetus, directly protecting the refineries, considerably reducing the rates of transport and awarding prizes to the planters.

In 1910 the amount of sugar produced was about 240,000,000 kg. It has increased more than six fold in the last ten years. In 1911, the amount exported from Formosa to Japan was 183,000,000 kgs., valued at about 6,000,000 frs., showing an increase of 53,400,000 kgs. on the amount for the preceding year. In this way Japan has become gradually almost independent of foreign countries in respect to sugar, as is seen from the following figures.

Year	Sugar Imported from Abroad	
	Millions of Kgs.	* Millions of Frs.
1909	135	35
1910	120	33.5
1911	79	23.9

(1) 1 picul = 0.3753 quintal.

This production of sugar in Formosa, naturally, damages, in some degree, the countries that previously exported sugar to Japan, the more so, as Japan is now beginning in its turn to export its own sugar. Among the countries that used to export sugar to Japan, the first place was taken by the Dutch Indies. Now, on the other hand, we find Japan exporting, especially to China, more than 46,000,000 kgs of sugar of a total value of 21,500,000 fr.

(c) *Cultivation of Tea.*

Third in importance among the agricultural products of Formosa comes tea, of which 13,800,000 kgs. were produced in 1910. The year 1911 was really record year for the export of tea, 12,000,000 kgs. being exported valued at 18,500,000 frs. Japanese tea, including Formosa tea, is finding an increasingly large sale on the American market, so that, in 1911, the United States consumed 92 % of the total export from Japan. We shall here give a few statistics relating to the production and manufacture of tea.

Year	Area Cultivated — ha.	Crop Raw Leaf — kg.	Number of Families Occupied in the Manufacture of Tea				Yield of Manu- factured Tea — kg.
			Spring	Summer	Autumn	Winter	
1901	25,833	49,279,322	20,608	20,525	10,414	15,298	12,319,81
1904	32,393	48,976,188	21,382	21,359	21,413	14,258	12,244,00
1907	32,965	52,223,333	22,174	22,151	22,124	17,342	13,055,81
1909	33,308	56,876,172	21,880	21,864	21,591	16,411	14,219,00
1910	33,246	55,062,196	21,979	21,924	21,847	15,733	13,765,51

More than 70 % of this manufactured tea is exported annually. Of the seven qualities of Formosa tea (oolong, pouchong, black tea, strong green tea, ordinary green tea, tea dust, stalk tea), the first two are the most extensively exported and form about 90 % of the total export.

We give here a few figures showing the amount and value of the tea exported from Formosa in the period 1897-1910.

Year	Quantity of Tea Exported — kg.	Amount — yen
1897	9,250,209	6,920,630
1900	8,187,844	4,831,813
1903	10,343,508	5,976,710
1906	10,076,390	5,067,437
1909	10,365,788	5,842,550
1910	10,250,033	5,837,570

(d) *Forests.*

Before terminating these brief notes on the agricultural development of Formosa, we shall also give some brief information on the forestry legislation, which is of considerable importance for this rich colony.

Formosa has many very extensive forests and there is no want of land still uncultivated but capable, when reclaimed, of becoming highly productive. Although up to the present it has not been possible to collect accurate statistics of the forest and uncultivated areas, they may however be estimated at altogether about 2,700,000 ha.

Unfortunately, in the period of Chinese domination, a large part of the forests in the civilised portion of the island were cut down, partly for the necessities of agriculture and partly to obtain timber or firewood. The work of reforestation has been, on the other hand, largely encouraged by the Japanese Government.

The exploitation of the forests of Taiwan, is, according to the Japanese authorities themselves, still in a rudimentary stage, and, with the exception of the extraction of camphor, no forestry industry is of appreciable importance for the economy of the island. Consequently, therefore, the profits the General Government of Formosa derives from the exploitation of the forests under its control are still very small. The ill advised deforestation of a part of the island has already produced its natural consequences in the increased number of inundations and in the irregular water supply. The Government therefore feels it a necessity, on the one hand, for urgent economic reasons, to exploit the forests for industrial purposes in the best possible way, and, on the other, to constitute a considerable number of *ho-an-rin* or protected forests in which any kind of woodcutting is strictly prohibited. At present the area of these *ho-an-rin* is about 23,000 ha.

The grant and sale of forests and uncultivated land in Formosa is regulated by various laws, according to the purposes the forests or land must serve. The total area of forests and uncultivated land sold at the end of 1911 was about 125,000 ha., of which a large part consisted of forests granted for the camphor industry.

Besides this, the Government has made large provision for nurseries for purposes of reforestation: the nurseries produce plants both for the Government, which proceeds with reforestation for its own account, and for the advantage of private persons. At the end of 1911, already an area of more than 15,000 ha. had been reforested.

Further, the Japanese Government, in May, 1911, founded three experimental forestry stations, which are working admirably and the success of which has, up to the present, exceeded what was anticipated. The Government has also instituted special schools for forestry experts, who make up for what is wanting in the special education for the industry and are distributed as is required in the Government Offices and on those private farms where the proprietors make application.

§ 4. COREA.

Corea, the most recent acquisition of Japan, is by its nature far from being such a source of wealth to the mother country as Formosa. Local misgovernment, continued for centuries, encouraged and rendered harsher, by the greed of the adjacent empires, certainly did not contribute to render fruitful a soil moderately fertile in itself, but specially needing the intelligent and constant labour of scientific cultivation. Japan, in incorporating this new province in its Empire, has undertaken no insignificant charge, since Corea can only be made a productive colony at the cost of the most enormous pecuniary sacrifices.

The Japanese Government, from the time when Corea was merely a Japanese Protectorate and the seat of a General Resident, set itself busily to work, reorganizing the finances, improving the system of taxation, reorganizing the monetary system, separating the Crown lands from those of the State and private owners, establishing institutions for the circulation of money, carrying out harbour works, partly making and partly improving the roads, giving considerable encouragement to agriculture, forestry and fisheries.

It is, however, to be noted that Corea is of an enormous advantage to Japan, as it absorbs a large part of its surplus population. It is, in fact, about equal in area to Honshu, (the largest island of the Japanese group). The density of its population, however, far from being like that of Honshu, 165 per sq. km., is only 62. Corean statistics are even yet somewhat unreliable; however, according to the most recent investigations, the total population is about 13,000,000 and, although the area will not be completely measured for five years, it is already known that the total area cultivated was in 1911, 2,398,840 *cho* (2,380,000 ha.) and that uncultivated 1,185,121 *cho* (1,173,000 ha.). Since the suitable exploitation of the latter land would require no inconsiderable expense, the General Government has decided for the present, to intensify the cultivation of the part already cultivated. It is believed by the authorities that improved methods of cultivation would allow of an increase of the population by 10 %. And since it is reckoned that every family requires an average area of 2 *cho* (1.98 ha.) it would be possible thus to place 115,000 families, that is, about 460,000 persons, on the 2,398,000 *cho* of cultivated land. Later, when the uncultivated land is exploited, it will be possible for Japan to send about 2,660,000 of its inhabitants to Corea. Corea is, therefore, principally a colony for settlement.

As a productive colony, it produces cotton and linen cloth, paper, timber, bamboo etc.; but all this produce is quite insufficient for home consumption. There is no regular system of division of labour in the country: home industries predominate. A Corean family generally produces all it requires for its wretched existence and the indolent character of the population is certainly an obstacle to the progress of these home industries.

Although Korea, like Japan, is a country almost exclusively agricultural, yet agriculture is there still in a very primitive condition and only now, through the efforts of, the Japanese Government and the Japanese immigrants, is a scientific system of cultivation beginning slowly to spread; even the forest wealth, which in former times, was one of the principal resources of the country, has been gradually decreased, as a result of arbitrary and excessive deforestation. The wooded area of Korea, formerly estimated at about 15,000,000 *cho* (14,850,000 ha), is now reduced to almost a third and the rest of the forest land is only represented by denuded hills, with at most a few scattered shrubs.

Of all the Korean crops, the only one which has real value today is *ginseng*. The *ginseng* cultivated in the Korean province of Kyeng-ki is the best known quality and secures the highest prices, as it is used in the preparation of the drug. Up to 1899, the Government of the King of Korea had the monopoly of the produce of this plant, but since 1908 the profits of this monopoly have been transferred to the Japanese National Treasury.

However, since that date, a serious disease has attacked the *ginseng* plant, causing such very serious damage in a short time as practically to ruin the industry. In 1908, the Japanese Government founded a special office at Kai-song to investigate the cause of this malady and to find a remedy: the results of these investigations, together with a strict supervision over the cultivation and well considered encouragements, have revived the industry. However, as the *ginseng* takes six years to reach its full development, it will only be in 1914, at the earliest, that the results of these efforts can be certainly ascertained.

The area devoted to the cultivation of *ginseng* has increased from year to year: in 1908, it was 140,691 *ken* (8.68 ha); in 1912 it had already increased to 427,874 *ken* (26.41 ha.) and it again increased to about 1,500,000 *ken* (about 240 ha.) in 1912. Under these circumstances, when the *ginseng* now cultivated has attained its full growth, the value of the annual crop will be about 8,000,000 frs. and the cultivation of this plant will be one of the most important sources of the Korean revenue.

